EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

No.30,812 Friday April 7 1989 D 8523A

REFUGEE POLICY
Vietnam boat people left adrift
Page 4

World News

Takeshita fights for political survival

The personal involvement in the Recruit scandal of Mr Noboru Takeshita, Japan's Prime Minister, deepened after it was confirmed that he had received a total of Y50m ($379,000) in political donations from the company. He had admitted receiving Y20m.

Hopes of Mr Takeshita containing the damage done by the Recruit financial scandal have been virtually destroyed by the revelations that he was himself one of the chief beneficiaries of the company's largesse. Page 20

Vote plan welcomed

US President George Bush welcomed a proposal by the Israeli prime minister Mr Yitzhak Shamir for "free democratic elections" in the West Bank and Gaza as a step toward a peace settlement in the Middle East. Page 20

New Swapo clashes

Bush war between South West African People's Organisation insurgents and combined South African backed police and army units intensified as diplomats from Angola, Cuba, South Africa, the Soviet Union and the US prepared for key ceasefire talks in the Namibian capital Windhoek. Page 4

Walesa Moscow visit

Lech Walesa, leader of Poland's independent, and now legal, Solidarity trade union, declared his intention to visit the Soviet Union. Page 2

Brady loans warning

Nicholas Brady, US Treasury Secretary, warned Congress that he may recommend a presidential veto if lawmakers put forward a rescue package too favourable to the savings and loan industry. Page 3

New Gandhi charges

Indian Prime Minister Rajiv Gandhi's government is expected to charge at least two Sikhs in connection with the 1984 murder of his mother and predecessor, Indira.

Niles for Brussels

Thomas Niles, US ambassador to Canada since mid-1985, has been appointed as US representative to the European Community in Brussels. Page 6

Brazil, Paris row

A fierce diplomatic row has broken out between Brazil and France over advertisements published in Paris to publicise the outcome of last month's 24-nation meeting in the Hague on the environment. Page 3

Kashmir violence

Kashmir, which is beginning to rival the Punjab as India's most lawless province, was shaken by a fourth day of violence. Page 4

Bank nationalised

Bank of Crete, at the centre of a financial scandal, is to move under state control, according to Mr Panayiotis Roumeliotis, Greek National Economy Minister. Page 2

Hawke pledge

Australian Prime Minister Bob Hawke pledged A$7.8m ($6.2m) for research into the "greenhouse effect".

Vive la différence

Right-wing Mayor Jacques Chirac launched plans for a glittering summer festival in Paris to rival the socialist government's celebrations marking the bicentenary of the French revolution.

Business Summary

Ueberroth pays $460m for Eastern Airlines

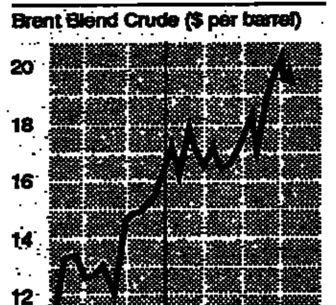
Group led by Mr Peter Ueberroth, former US baseball commissioner, agreed to buy the bankrupt Eastern Airlines for "about $460m".

The long-awaited deal, which was announced in New York after two weeks of persistent speculation, was a financial relief, but also a humiliating symbolic defeat for Mr Frank Lorenzo, chairman of Texas Air Corporation, Eastern's parent company. Page 21

OIL prices continued to ease yesterday as markets responded to the restoration of oil supplies through the Alaskan port of Valdez, which

Oil price

Brent Blend Crude ($ per barrel)



Source: Petroleum Argus

was partially closed by the Exxon Valdez oil spill. Brent Crude for April delivery dropped 45 cents to close at $19.25 in European trading.

WORLD'S leading farm producers agreed an outline deal on agricultural reform which could unblock the stalled Uruguay Round on multilateral Gatt talks. Page 21

GUINNESS unveiled a pre-tax profit of £521m ($885m) for 1988, a 28 per cent increase on the previous year, and disclosed it was taking its interest in Moët Hennessy-Louis Vuitton (LVMH), the French luxury products group, to 24 per cent. Page 21

EUROPEAN Vinyls Corporation, large plastics manufacturer jointly owned by Britain's Imperial Chemical Industries and Enichem, Italian state-owned chemicals group, unveiled 180 per cent rise in operating profits last year to reach DM418m ($222m). Page 21

PUBLISHER Robert Maxwell revived plans for floating his Mirror Group newspapers on the London Stock Exchange. The flotation, which could value the titles at up to £300m ($510m), would probably be this year. Page 21

HIGH Voltage Engineering, US company associated with Berisford International of the UK, won increasing support for its $698m takeover bid for Universal Foods from shareholders of the Milwaukee-based food products group. Page 23

BOASE MASSIMI Pollitt, UK advertising agency which is facing a £103m ($175m) bid from the smaller French advertising company BDDP, clarified the response received from clients. Page 23

GRUPO Industrial Alfa, Mexico's leading industrial conglomerate, and Himont of the US have agreed to form a 250bn peso ($104m) joint venture to produce polypropylene for domestic and export markets. Page 23

MAN, big West German truck, engineering, and steel trading concern, is on target for net profits of some DM250m ($134m) this financial year, a further rise of 25 per cent. Page 22

ALAN BOND, Australian entrepreneur whose Bond group of companies is under financial and other pressure, continued his string of asset sales with the A$34.7m ($27.8m) disposal of a stake in BHP Gold. Page 23

Mrs Margaret Thatcher, the British Prime Minister, speaks outside 10 Downing Street, yesterday as President Mikhail Gorbachev, the Soviet leader, checks his watch during a pause in his busy itinerary. Ashley Ashwood

Thatcher welcomes Gorbachev reforms

By Philip Stephens, Quentin Peel and Robert Mauthner in London

MRS Margaret Thatcher, the British Prime Minister, last night combined an effusive welcome for Mr Mikhail Gorbachev's "peaceful revolution" in the Soviet Union with an unflinching re-affirmation of her determination to preserve the West's nuclear defences.

In a speech at the end of the first full day of the Soviet President's visit to London, Mrs Thatcher described relations between Britain and the Soviet Union as "better now than they have been at any time since the Second World War".

The Prime Minister's enthusiasm was matched by warm Soviet praise for Britain and its role in world affairs and Mrs Thatcher's "deep understanding" of the process and problems of perestroika. However, at their top-level talks, the two leaders failed to narrow their fundamental differences on the major problem of arms control, while agreeing that disarmament negotiations must not lose their momentum.

At a two-hour meeting and lunch at No 10 Downing Street, the Prime Minister's official residence, Mr Gorbachev expressed concern at the length of time being taken by the new US Administration in reviewing the main lines of its foreign and arms control policies.

"We understand that the new Administration needs time to study foreign policy," Mr Gennady Gerasimov, the Soviet spokesman said. "But we don't want this pause to become an interval, which will lead to a loss of momentum."

On the other hand, the Soviet leader welcomed successful East-West co-operation in resolving regional conflicts and, in particular, had high praise for Mrs Thatcher's firm support for the United Nations role in Namibia.

A jarring note, however, was struck, particularly in talks between Sir Geoffrey Howe, the British Foreign Secretary, and Eduard Shevardnadze, his Soviet counterpart, on reports that the Soviet Union had sold up to 15 supersonic fighter bombers to Libya.

There was a dispute between officials on whether the matter had been raised during Mrs Thatcher's meeting with Mr Gorbachev. However, Sir Geoffrey was said by officials to have expressed the Government's deep concern at the sale of such weapons to an "unpredictable regime", which the British accuse of supporting terrorism in Northern Ireland.

After what British officials described as a day of "frank", "lively" and alternatively "warm" and "solemn" discussions, the Prime Minister last night underlined her determination that the West should not bargain away its nuclear weapons.

Speaking at a dinner in Mr Gorbachev's honour at Downing Street, she said the British people wanted, "with all our mind and strength", Mr Gorbachev's policy of perestroika to succeed. Officials said that the two leaders spent most of their meeting discussing perestroika.

At the same time, Mrs Thatcher welcomed the constructive role that Mr Gorbachev had undertaken in helping to resolve a range of regional conflicts. The Soviet withdrawal from Afghanistan, its role in securing agreement in Angola and Namibia, and the Soviet Union's new emphasis on "sufficiency" in defence were praiseworthy.

Mrs Thatcher then said: "One thing we shall never do – and nor would you – is base our thinking on wishful thinking rather than on reality," she said.

Continued on Page 20
The Gorbachev visit, Page 7

Estonians throw out challenge to Moscow

By John Lloyd in Moscow

LEADING government officials in Estonia have published a programme for self government which proclaims the tiny republic's virtual independence from the Soviet Union by January 1 1991.

The programme, which delivers the most serious challenge to Moscow's control of its rebellious republics, will be presented to the Estonian Supreme Soviet in May, where it is thought certain to gain approval.

Advisors to the government, members of the Estonian Popular Front and senior officials in the Estonian Communist Party had a hand in the programme – to which amendments are now invited.

The most radical elements of the programme include:

● the transfer of ownership of all Estonian assets – including land, sea, air and water – from Soviet to Estonian government;

● creation of Estonian citizenship and limits on immigration from the USSR;

● the right to own private companies and employ labour;

● a wholly new system of

Continued on Page 20
Estonia tests limits of Soviet liberalisaton, Page 2

Exxon accepts blame for Alaskan oil spill

By Peter Riddell, US Editor in Washington

EXXON, the largest US oil company, yesterday accepted full responsibility for the Alaska oil spill, which may cost up to $200m to clean up over nearly three years.

Mr Lawrence Rawl, chairman and chief executive of Exxon, said all necessary resources were being deployed to clean up the spill. In testimony to the Senate Commerce committee, he said: "Actions are already under way within Exxon to review policies and procedures in the light of this accident."

The hearing is being held because the environmental disaster has led to pressure on the US Government to change its policies on oil exploration and compensation and to play a greater role in the clean-up.

The spill, the worst in US history, occurred two weeks ago when the Exxon Valdez, a tanker owned by Exxon's shipping subsidiary, hit a reef in Prince William Sound, discharging more than 10m gallons of oil.

Admiral Paul Yost, the commandant of the Coast Guard, in evidence to the House Merchant Marine Committee, said the cost of cleaning up the oil spill could be between $100m and $200m.

Of the 10m gallons spilt only 500,000 had so far been cleaned up, about 3m had evaporated or dropped to the bottom, and there was little chance that much more than an additional 500,000 gallons could be recovered from the remaining 7m.

Senior members of the Administration, including Mr Samuel Skinner, the Transportation Secretary, and Mr William Reilly, the head of the Environmental Protection Agency, said several lessons had to be learnt from the Alaskan disaster

The Administration is assessing a request from Governor Steve Cowper of Alaska for the US Coast Guard to take a greater role in the clean-up. President George Bush was meeting advisers yesterday to consider a Federal takeover of the clean-up from Exxon.

● Mr Joseph Hazlewood, the captain of the Exxon Valdez, who was allegedly drunk and below decks at the time of the accident, yesterday had his bail cut from $1m to $25,000. The earlier bail had been set on Wednesday by a New York judge who compared the effect of the oil spill in Alaska to the bombing of Hiroshima in 1945.

Commodities, Page 34

Montedison denies pirating computer software

By Alan Friedman in Milan

A GROUP of the world's leading computer software producers yesterday began legal action in Milan seeking substantial damages from Montedison, the Italian chemicals group, for allegedly having pirated software programmes from two leading US companies.

Montedison immediately denied it was guilty of any unauthorised duplication of software.

It said it reserved the right "to take initiatives and actions in order to protect our honour."

The lawsuit is the first such action by US software concerns against a European company.

It follows a court-ordered inspection last week of Montedison's Milan headquarters by court-appointed experts and lawyers for the software companies.

The software companies say that more than 130 personal computers were examined in the offices of Montedison and its Montefibre subsidiary.

They allege that evidence was found that "more than 90 per cent of the inspected software on the premises consisted of unauthorised copies."

The action, which is expected to lead to a court case, was issued by the Business Software Association (BSA), a Washington-based consortium of international software companies which includes Microsoft, the US market leader.

The lawsuits, claiming infringement of Italy's copyright laws, were filed against Montedison, its Montefibre fibres subsidiary and Elettrocarbonium, a private electrical components company which has no connection with the Gardini group.

Mr Douglas Phillips, president of the association, said the level of unauthorised copying of software in Italy was one of the worst in Europe.

This lead to annual losses of hundreds of millions of dollars for software companies.

Mr Phillips said the association's action against Montedison and the other companies for copying software from Lotus Development Corporation and Ashton-Tate Corporation, sought "substantial damages," sequestration of copies and personal computers and a permanent injunction to stop unauthorised copying.

The legal action against Montedison was taken "as a last resort."

Continued on Page 20

Botha bows out as president by announcing early elections

By Anthony Robinson in Cape Town

PRESIDENT P W Botha paved the way for his own retirement and general elections later this year in a speech yesterday to a special joint session of parliament.

In his speech, Mr Botha bowed to pressure from his own party for early general elections by announcing his decision to dissolve parliament towards the end of May.

Although he failed to set a date for the poll, politicians of all parties predicted that voting would take place early in September for the three houses of the racially segregated parliament for whites, coloureds and Asians.

This would allow him to serve out his five-year term.

In his speech Mr Botha also blamed guerrillas of the South West Africa People's Organisation (Swapo) for the conflict in northern Namibia, where fighting continued for the sixth day.

Mr Botha indicated that he would not stand for re-election, so paving the way for Mr F W de Klerk, the Education Minister, who has already taken over as leader of the ruling National Party. Mr de Klerk is expected to be the automatic presidential choice of the party caucus, which last month indicated its desire that the powers of state president and party leader be jointly held.

Election prospects, meanwhile, have been thrown wide open by the incursion of armed Swapo guerrillas across the Namibian border. Should government mishandle the crisis it could be vulnerable to attack by the white right wing Conservative party.

Swapo's actions have already cast a shadow over prospects for the early release of Mr Nelson Mandela, jailed leader of the African National Congress (ANC).

Mr Botha stated categorically "there is no doubt that Swapo is in default."

He ridiculed Swapo's accounts of its actions and flatly denied the organisation's claim that it had achieved victory in its 23 year "liberation struggle" with bases inside Namibia.

"Swapo has no military bases or camps inside Namibia" he said.

"The leadership of Swapo knows Swapo is under an obligation to retire north of the 16th parallel in Angola and that it would be illegal to enter Namibia in the manner in which they did."

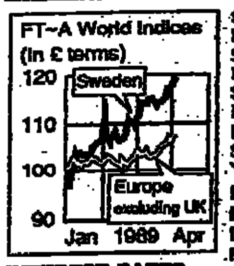
The leadership of Swapo, he said, "will have to account for the carnage" in which 210 Swapo guerrillas, 24 para-military police and two South African soldiers have died.

Fighting began when an estimated 1,500 guerrillas contravened the Namibia settlement terms by crossing into the territory from Angola on the eve of the UN-supervised independence process.

Namibia fighting, Page 4

MARKETS

FT-A World Indices (in £ terms)



STERLING
New York lunchtime: $1.7040 (1.7025)
London: $1.7060 (1.7000); DM3.1850 (3.1825); FFr10.7500 (10.740); SFr2.7950 (2.7900); Y224.75 (224.0)

DOLLAR
New York lunchtime: DM1.86825 (1.87075); FFr6.3110 (6.3140); SFr1.63975 (1.6490); Y131.65 (131.675)
London: DM1.8685 (1.8720); FFr6.3075 (6.3175); SFr1.6380 (1.6415); Y131.85 (131.75)

INTEREST RATES
US lunchtime: Federal Funds 9 7/8% (same); 3-mth Treasury Bills: yield: 9.17% (9.14); Long Bond: 98 1/4 (98 1/2); yield: 9.04% (9.02)
London: 3-month interbank: close 13 1/4% (13 1/4)

STOCK INDICES
New York lunchtime: Dow Jones Ind. Av. 2,292.34 (-12.46); S&P Comp 295.13 (-1.11)
London: FT-SE 100 2,052.5 (-25.7)
World: 144.09 (Wed)
Tokyo: Nikkei Ave 32,995.78 (-365.01)
Frankfurt: Commerzbank 1,893.7 (+4.4)

OIL
Brent 15-day (Argus) $19.25 (-0.45) (April)
West Tex Crude $19.825 (-0.45) (May)

GOLD
New York latest Comex June $388.7 (388.6)

CONTENTS

Same old ride on the new Brazilian railway

Today sees the inauguration of Brazil's 1,600km North-South Railway — the world's longest rail scheme. It is President Jose Sarney's pet project, but the public believes it is being taken on an expensive and unwarranted ride
Page 3

Solidarity leader urges conciliation in wake of round table accord

Walesa proposes visit to the Soviet Union

By Christopher Bobinski in Warsaw

MR LECH WALESA, the leader of Poland's independent, and now legal, Solidarity trade union, said yesterday he intended to visit the Soviet Union.

A visit to Moscow would extend Solidarity's legitimacy to the Soviet Union which, eight years ago, viewed the movement's rise with horror, and consistently exerted pressure on the Polish authorities to ban it. "I'd like to go to this beautiful country and learn something about it, talk to the people and see the factories," Mr Walesa said, adding, to laughter from a crowded press conference at Warsaw University, "and come back, of course."

"I don't want to disturb perestroika or stir things up," he continued. "The Soviet Union needs reforms, too, and I want to go to win understanding for changes in Poland."

Later, one of the movement's top advisers said that the problem was not whether the Soviet Union would invite Mr Walesa, implying that that hurdle had been surmounted, but which Soviet institution would be the host.

Among the possible alternatives are the official Soviet trade unions or the Soviet Peace Committee, which would invite Mr Walesa as a Nobel Peace Prize winner.

Mr Tadeusz Mazowiecki, a senior negotiator for Solidarity at the round table talks, has already been invited with a group of colleagues to Moscow this month by Democratic Perestroika, an informal Soviet club.

At the press conference, Mr Walesa adopted an extremely conciliatory tone on internal problems, saying: "Now we need agreement, compromise and accord." Conflicts with the OPZZ official unions were inevitable, he admitted, adding that he thought Solidarity would have five to seven million members but should not have a monopoly on the shop floor.

Mr Walesa was referring to a conflict with the official unions, who are pressing the government to agree to compensate fully falls in the standard of living due to rising prices, while Solidarity has settled for 80 per cent compensation.

The row continued into Wednesday's final round table session, holding up the ceremonial meeting at one point for three hours. Mr Walesa repeated Solidarity's appeal for the West to ease Poland's $39bn debt burden, arguing that this would help to get the economy on the move. "I will kneel and plead for help to enable Poland to catch up with the rest of Europe," he said, stressing that new loans would have to be granted only to those areas of the economy which had been put on an official footing.

Answering questions on the general lack of enthusiasm accompanying the round table accord, Mr Walesa confirmed that there was "a large dose of doubt" but argued that the absence of emotion meant that Solidarity had time to organise for the election. This was Solidarity's main aim, Mr Walesa said, and not organising strikes over individual issues.

PRESIDENT George Bush is likely to announce shortly a package of economic measures designed to express US approval of the historic pact between the Polish communist government and the independent Solidarity union, US officials said yesterday, writes Lionel Barber in Washington.

The officials said the Bush administration would make a "symbolic gesture" within the next few days to the Polish people underlining its support for the political reforms agreed in Warsaw this week.

Among the options under consideration is a restoration of at least $250m in US trade credits, coupled with a more conciliatory attitude towards Poland's external debt, which is approaching $39bn. During a visit to Poland in 1987, Mr Bush promised US assistance in rescheduling Poland's debt – a move which has become more feasible in the light of his administration's new international debt initiative.

In February 1987, the Reagan administration dropped economic sanctions against Poland imposed after martial law, but the Poles have long argued that bilateral trade between the two countries has failed to recover because of the lack of credits and an inflexible US stance in the International Monetary Fund and the Paris Club of sovereign creditors.

Republican Party leader stakes out territory on the right wing of West German politics

By David Goodhart in Bonn

MR FRANZ SCHOENHUBER, the robust voice of the newly prominent Republican Party, leads what the late Mr Franz Josef Strauss succeeded in excluding from post-war West German politics: a populist, but legitimate, political force to the right of the Christian Democratic/Christian Social Union alliance.

Fresh from winning 7.5 per cent of the vote in the West Berlin state election Mr Schoenhuber, 66, has been in Bonn seeking to convince the national and international media that he is not a Nazi in disguise and that his party will not rise and fall as fast as the extreme-right NPD in the late 1960s.

The Republicans are not likely to be the third biggest party after the late 1990 election, as Mr Schoenhuber told a rally of 1,000 supporters on Wednesday night.

But, with the latest national poll giving them 7 per cent support, it is quite possible that they will enter the Bundestag (over 5 per cent required) and become the fifth force in Bonn's increasingly fragmented politics.

That will make coalition-building even more difficult as, a few dissenting voices aside, the bulk of the CDU/CSU leadership will remain opposed to doing deals with the new party. But Mr Schoenhuber probably has time on his side.

He claims that 70 per cent of the 13,000 party members are under 30 and most of his supporters say they are simply fed up with having to feel guilty for being German.

As the post-war period recedes, a politician who, more emphatically than the others, rejects the guilt thesis and the enforced-liberalism of the German state may be tapping a rich vein.

Especially when, as in Mr Schoenhuber's case, he states firmly that he is not racist, nor anti-Semitic (his first wife was Jewish), that there is nothing to be said for Hitler, and that the NPD are "a bunch of reactionaries who have not got over losing the war."

His unequivocal patriotism can, in rhetorical flight, come close to reducing the past: "Our young are no more guilty of Auschwitz than young Americans are guilty of Hiroshima." But he rejects the comment, attributed to Mr Jean Marie Le Pen, the French National Front leader, that the Holocaust was a mere detail of history. In other respects he clearly admires Mr Le Pen and describes his party and that of Mr Jörg Haider in Austria as patriotic.

His main point about the Nazi period is that German public life has been corrupted by hypocrisy about it. Having lost his job as a prominent commentator for a Bavarian TV station for writing an unapologetic account of his time in the Waffen SS, he is angry about the "dozens of senior civil servants and ambassadors who were Nazis" but now pretend they were in the Resistance.

President Richard von Weizsäcker, an almost universally revered figure in West Germany, is not excluded from criticism. Indeed, he seems a symbol of everything that Mr Schoenhuber – claiming to speak for the little man – dislikes: liberal, aristocratic, and, says Mr Schoenhuber, apologising for the past because of his obsession with his own family.

Gaullist old guard faces youth revolt

By Ian Davidson in Paris

THE STRUGGLE for control of France's right-wing Gaullist party broke into the open yesterday, when a group of young Gaullists rebelled against the party leadership, and declared that they would field an independent list of reforming young conservatives in next June's elections to the European Parliament.

The young Gaullists' rebellion is being led by Mr Michel Noir, former Trade Minister, and appears to be in part encouraged by his spectacular success in the recent municipal elections, when he ran against the sitting conservative mayor of Lyons and won a resounding victory.

The crushing defeat of Mr Jacques Chirac, Gaullist leader, in last year's Presidential election, made it seem probable that France's conservative parties would be doomed to a long period in opposition if they failed to overcome internal divisions.

The declaration of independence issued yesterday by Mr Noir and his supporters is intended to precipitate a unification of the forces on the right. His direct and probably irrevocable challenge to the leadership of Mr Chirac has been made more significant by the fact that his declaration has been issued in alliance with like-minded young reformers from other, non-Gaullist conservative parties.

The campaign for the European Parliament elections is more the pretext than the reason for the rebellion of the young Gaullists. In contrast with some of the old-guard barons of Gaullism, the strong commitment of Mr Noir and his friends on the political right to the ideal of a more integrated Europe has never been in doubt. But the real reason for the choice of this election campaign as the battleground against the party leadership, is that there are no more significant elections where the voters can express a preference until 1993.

The Gaullist leadership has been seeking an alliance between all the conservative parties in the European election, and a single list of candidates headed by former President Valery Giscard d'Estaing, leader of the UDF group of centre-right parties. On Wednesday Mr Chirac and Mr Giscard d'Estaing finalised a joint election platform for the campaign.

The two party chiefs are still unable to muster a single list of candidates, however, because the strongly pro-European centrist CDS party distrusts the late conversion of the Gaullist leadership to Europe.

Confusion in EC car industry over exhaust emission controls

Kevin Done explains the background to the latest car emission proposals by the European Commission

THE WEST EUROPEAN motor industry has been thrown into confusion by European Commission proposals agreed on Wednesday for a new set of car exhaust emission regulations.

The weekly meeting of the 17 Commissioners called for existing voluntary EC controls on exhaust emissions for all cars to be made mandatory by January 1991, moving to obligatory tougher standards by 1993.

Years of wrangling over new standards for controlling car exhaust pollution in the European Community appeared to have been ended last November, when EC members reached preliminary agreement on new regulations for small cars to be implemented by October 1 1993.

The rules for small cars were the final missing piece from the so-called Luxembourg compromise reached in 1985, which laid down a framework for tougher exhaust emission standards for three categories of cars, large cars above 2 litres, medium cars from 1.4 to 2 litres and small cars under 1.4 litres. The motor industry finally thought it had a basis on which to plan its model programmes and investment in engine research and development and manufacturing.

The Commission's latest move has plunged the industry back into uncertainty, and opens the prospect of a new round of bitter political infighting both between member Governments and the car makers.

In suggesting tougher small car pollution controls which still fall short of a direct move to US-style car emission standards, the European Commission is reflecting growing public concern over the environment.

The regulations finally agreed last year would not have led to harmonised standards in the EC. The rules were not mandatory, and it had been left up to each member Government to legislate independently to bring the regulations into effect.

It was expected that countries, where small cars dominate the markets as well as the output of the domestic car manufacturers - such as Italy, France and Spain - would be slow to introduce the new regulations. At the other end of the spectrum countries such as the Netherlands have been keen to offer tax incentives to encourage the purchase of cars able to meet much tougher standards than those proposed previously by the EC.

As the political fight has continued in Brussels, car-buyers have been making their own choices, however.

New car sales figures from West Germany for 1988 show just how quickly car-buyers preferences are moving towards "clean" cars, albeit with the stimulus of certain tax incentives. Car manufacturers that have been unable to keep pace with these volatile changes in the market place have already suffered from falling market shares.

Sales of diesel-powered cars dropped last year by 4.7 per cent, the second successive annual decline, chiefly under the impact of growing environmental opposition in West Germany, where new car buyers are increasingly demanding so-called "clean" cars equipped with catalytic converters to reduce exhaust emissions.

According to Automotive Industry Data, the UK based automotive analysts, the plunge in diesel car sales in West Germany, previously the biggest single diesel car market in West Europe, has followed widely publicised cancer scares, linking cancer to unacceptably high carbon particulate levels on diesel cars. These scares had caused "hordes of buyers to switch often long-standing diesel loyalties to a new generation of catalyst cars."

The impact of environmental concerns can clearly be dramatic. Sales of diesel cars in West Germany have dropped by 50.7 per cent during the last two years from 780,000 in 1986 to 382,497 in 1988. The share of diesel-powered cars in the West German car market plunged to 13.6 per cent last year from a peak of 27.4 per cent in 1986.

Daimler-Benz, one of the companies most affected by the decline in diesel sales, claims that in the Federal Republic "diesels have been thoroughly defamed by discussions and accusations as well as by political activities." Under present West German regulations diesel cars cannot be used in smog conditions. At the same time in response to health fears a tax penalty has been imposed on diesel sales and diesel fuel tax has been increased.

Last month Daimler-Benz launched a counter-offensive with the unveiling of a new range of so-called "clean" diesels, which it claims has cut the level of exhaust particle emissions by 40 per cent.

Mr Wolfgang Peter, Mercedes-Benz director of car development, claims that the diesel debate has been based on "emotive rather than factual argumentation".

Swedish tax reforms endorsed by OECD

By Robert Taylor in Stockholm

SWEDEN'S PLANNED financial revolution to make the country more competitive receives a strong endorsement today in the latest survey of the country's economy published by the Organisation for Economic Co-operation and Development.

It suggests that Sweden will not be able to defend its present public affluence and welfare state into the 1990's unless "necessary structural reforms" are carried out along with changes in the country's pay bargaining system.

The OECD report says "a comprehensive reform which aims at removing structural impediments to sustained growth, while continuing to observe a specific concern for social justice, will be a formidable undertaking."

But it believes the introduction of a radical change in the taxation system in 1991 with cuts in the marginal rates on incomes and a shift to a wider range of taxes on capital and services will "correct many, if not all" of the present obstacles to Swedish economic growth.

The authors argue that Sweden's "most important problems" are not "rooted in the short term" but stem from structural defects in the economy which has resulted in a shortage of skilled manpower and obstacles to the formation of new risk capital.

In particular, the survey criticises the country's high unit labour costs resulting from weak productivity growth and inflationary wage increases. It says currency devaluation was "abandoned after 1982" as a policy option so that maintaining Sweden's current visible trade balance and budget surplus as well as full employment depends on keeping down labour costs.

The real value of this year's survey lies in its attempt to dig below the macroeconomic indicators and look at fundamental trends that threaten to trouble Sweden over the coming years. The OECD is particularly concerned about the wage bargaining system and its impact on the wider labour market. It believes containment of unit labour costs is crucial to the country's external equilibrium and full employment and argues this has become much more difficult to achieve as a result of the decentralised negotiations that have characterised private sector bargaining since 1983.

However, the survey was completed before the signing of a new two year national wage agreement covering the private sector manual workers a fortnight ago that many Swedish economists have criticised for being too inflationary and having an adverse impact on the country's international competitiveness.

Mr Kjell-Olof Feldt, the Finance Minister, will be pleased by the warm words in the OECD report for his management of the economy during the 1980's. It suggests the country's performance has been "remarkable", notably for ensuring one of the lowest unemployment rates in the western world, achieving a budget surplus and a strong export performance in manufactured industry.

Despite current anxieties about overheating the OECD does not believe problems will worsen in the short term. It expects continuing stabilisation of the exchange rate and a tight monetary policy to dampen down domestic demand.

The report also believes that Sweden's external deficit (caused by a negative balance on invisibles) "should remain relatively small" at from 1 to 2 per cent of gross domestic product.

Greek bank to become state owned

THE Bank of Crete is to move under state control, according to Mr Panayiotis Roumeliotis, the National Economy Minister, Reuter reports.

The move follows political debate over the future of the bank, which has an officially-estimated deficit of Dr34bn (£125m) after alleged large-scale embezzlement.

"With this solution the legal interests of the depositors are safe, the status of the bank's employees does not change and the bank's operation is secured," Mr Roumeliotis said.

He said the bank's share capital would be increased by a contribution of Dr30bn by deposits from state banks. "There is a possibility that private banks can participate as well without changing the public character of the Bank of Crete," Mr Roumeliotis said.

The Bank of Crete, one of the three privately-owned banks in Greece, has about 80 branches nationally and 1,300 staff. The central bank has provided some Dr20bn of liquidity since last October.

EC warning on future standards of UK water

THE European Community's environment commissioner said yesterday Britain could face legal action if its proposed water privatisation bill failed to achieve EC drinking-water standards fast enough, Reuter reports from Brussels.

"If things are not changed according to the concerns we expressed very clearly, then of course we will use our (legal) powers," Mr Carlo Ripa di Meana said.

The Community's executive commission has asked the British government to set a strict timetable for newly-privatised water companies to meet drinking-water standards that were supposed to have been reached in 1985.

Britain is not alone in failing to implement the standards but, reluctant to force a legally-binding deadline on utilities it plans to sell to the public, it is seeking an exemption.

Mr Ripa di Meana also said EC and British officials were meeting regularly to iron out difficulties in the bill.

Mr Javier Perez de Cuellar, UN Secretary General (centre), will encourage further talks between Turkish Cypriot leader Rauf Denktash (left) and Cyprus President Mr George Vassiliou, despite pessimism over their reaching a settlement by the deadline date

Cyprus talks go on despite gloom

Andriana Ierodiaconou on the prospects for a negotiated settlement

THE President of Cyprus, Mr George Vassiliou, and Mr Rauf Denktash, the Turkish Cypriot leader, are expected to agree on a further round of United Nations-sponsored peace talks at the end of three days of consultations in New York today with Mr Javier Perez De Cuellar, the UN Secretary General.

However, the negotiators themselves and observers of the talks believe there is no possibility of reaching a settlement by June 1, the target date set by Mr Perez de Cuellar.

The peace talks between Mr Vassiliou and Mr Denktash began last September in Nicosia, with the official aim of establishing a single federal state made up of a Greek Cypriot and a Turkish Cypriot province. The island has been divided since 1974, when Turkey invaded and occupied the northern third of its territory in the wake of a coup staged by the Greek junta.

The occupied zone was declared a Turkish Cypriot state in 1983 in a move condemned as "legally invalid" by the UN Security Council. The breakaway state is so far recognized only by Ankara.

According to well-informed sources, the negotiations have made some progress towards a workable federal system. However, no progress is reported on other key aspects, including the presence of foreign troops, "guarantees" for a settlement and movement of people, property ownership and settlement arrangements.

In broad terms, the Greek Cypriot side wants the minimum of administrative or other barriers between the two federated provinces, full Turkish troop withdrawal, international guarantees for a settlement, and complete freedom to travel, live and own property throughout the proposed federal state for all citizens.

The Turkish Cypriots, who make up about a fifth of the population of Cyprus, want maximum administrative and physical autonomy for each province, some Turkish troops to remain, Turkey to be a key guarantor of a settlement, and restrictions on movement, settlement and property ownership.

Third countries, such as Britain, which are supporting the UN peace effort have contributed to maintaining negotiating momentum. Mrs Margaret Thatcher, the British Prime Minister, is understood to have written to Mr Turgut Ozal, her Turkish counterpart, last month urging progress towards a federal settlement, which, according to Britain's position, must ensure the unity of Cyprus and the full human rights of all citizens.

At the same time, Britain has urged Mr Vassiliou to build on "positive elements" in the Turkish Cypriot proposals. Prospects for a compromise do not, however, appear bright.

In Athens last week Mr Vassiliou warned that he would not continue negotiations beyond June unless there were definite signs by then of an easing of Mr Denktash's position. Mr Denktash on the other hand has accused the Greek Cypriot side of inflexibility.

Estonians test the limits of liberalisation in Soviet Union

John Lloyd reports on an economic and juridical programme pointing the republic towards its goal of statehood

THE ESTONIANS plunge onwards. The publication earlier this week by the Estonian press of the final draft of a programme setting out the basis for economic and juridical autonomy for the republic, is the latest, perhaps decisive, step towards its goal of *statehood*.

In taking this path, at once more radical and more deliberate than the broadly similar moves in the other two Baltic states of Latvia and Lithuania, the Estonians retain their position as the forward scouts of the tolerated limits of Soviet liberalisation.

They have assumed a large responsibility. For if they succeed in making the ratchet of nationalism turn faster than the rate of change intended by Mr Gorbachev they will risk provoking a backlash from forces which might use their extremism to displace Mr Gorbachev's wider reforms, if not the man himself.

That is the broader calculation against which Estonia's leaders *must constantly test their own reforms*.

It will be hard, for they are no longer driven solely by Moscow: they are driven now from below.

The draft programme published earlier this week is evidence of this. *It is in two parts: a draft law* on self-government, and draft general principles underlying the law.

Both are due to be presented to the Estonian Supreme Soviet in May following a period until April 24 when amendments to them may be made. If accepted (and there is little chance they will not be) they are designed to be implemented in part by next January and in full by January 1 1991.

The principles form the philosophical and political basis of emerging Estonian statehood. There are 19 articles of principle, covering such issues as ownership, taxation, prices, regional policies, social and cultural policies, investment, protection of the environment and relations both with the rest of the Soviet Union and with other countries.

The preamble makes it clear that the land, atmosphere and mineral rights should be vested in the Estonian government; that all enterprises in Estonia must abide by Estonian, not Soviet, laws; that a *multiplicity* of forms of ownership, including private ownership of at least small companies will be allowed; and that partnership will be sought with other Soviet republics and with foreign countries and companies.

The one concession to Soviet interests is this: that "the socialist character of a self-governing Estonia . . . is expressed in creating state social guarantees" – in other words, a welfare state will be preserved, and this will define "socialism."

One of the more contentious will be Article 11, which proposes a form of Estonian citizenship, together with laws on immigration policed by a new immigration service.

Debate continues on the criteria for citizenship. At one extreme, supporters of full independence call for citizenship to be limited to those living in Estonia before its annexation by the Soviet Union in 1940, and their descendants – that is, essentially ethnic Estonians.

The moderate line is that the 40 per cent of the republic's population who are Russian or from other republics should be offered citizenship if they have had 3-5 years of citizenship and have "put down roots."

A separate currency – seen by some of the authors of the programme as essential – is mooted, but no specific proposal is made.

In a debate on Estonian television on Tuesday night between Mr Indrek *Toome, the Prime Minister, and* Mr Rein Otsason, head of the State Planning Committee, both agreed some form of currency was needed.

Mr Otsason proposed an Estonian credit card, to no dissent from the Prime Minister.

Otherwise, the power taken by Tallinn, Estonia's capital, from Moscow will be decentralised down to enterprises and to local authorities. Companies will be encouraged to form co-operatives and to find foreign partners.

The (Estonian) state will set a minimum wage but will not otherwise interfere in collective bargaining. The (unstated) assumption is that Estonia's economy will progressively distance itself from the Soviet one.

Mr Otsason said on television that the programme was "not compatible with the Soviet five-year plans." Regional and local authorities will be given the right to set their own budgets, a move which the programme sees as stimulating a *resurgence of the countryside*.

The rayon, or district, boundaries, drawn up by Moscow planners in the 1940s, will be scrapped in favour of former administrative units which existed before the Second World War, and which are seen to have greater cultural and economic validity.

Farmers will be granted leases in perpetuity which they can pass on to their descendants. Even in Mr Gorbachev's Soviet Union (which in truth is not yet much different, in the sphere of economic relations, from Brezhnev's or even Stalin's) this is breathtaking.

It has its critics: most bitterly the Russians living in Estonia, many of whom are workers or managers in the All-Union enterprises which report, presently, to Moscow ministries.

These last month held demonstrations in the streets of Tallinn and promised strikes tis week (which have not materialised).

The *optimists* among the Estonians say that many Russians are coming to accept the autonomy philosophy because they realise Estonia will be a pleasanter place to live in than their homeland. But that's a hope rather than a fact.

FINANCIAL TIMES

Published by the Financial Times (Europe) Ltd., Frankfurt Branch, represented by E. Hugo, Frankfurt/Main, and, as members of the Board of Directors, F. Barlow, R.A.F. McClean, G.T.S. Damer, M.C. Gorman, D.E.P. Palmer, London. Printer: Frankfurter Societaets-Druckerei-GmbH, Frankfurt/Main. Responsible editor: Sir Geoffrey Owen, Financial Times, Number One Southwark Bridge, London SE1 9HL. © The Financial Times Ltd, 1989.

FINANCIAL TIMES, USPS No 190640, published daily except Sundays and holidays. US subscription rates $365.00 per annum. Second-class postage and at New York NY and at additional mailing offices. POSTMASTER, send address change to: FINANCIAL TIMES, 14 East 60th Street, New York, NY 10022.

Financial Times (Scandinavia) Ltd, Ostergade 44, DK-1100 Copenhagen-K, Denmark. Telephone (01) 13 44 41. Fax (01) 935335.

AMERICAN NEWS

Brady warns of presidential veto on S&L rescue

By Lionel Barber in Washington

MR Nicholas Brady, US Treasury Secretary, has warned Congress he may recommend a presidential veto if lawmakers put forward a rescue package too favourable to the savings and loan (S&L) industry.

Mr Brady, pressing Congress to leave President George Bush's own rescue plan largely intact, said he was concerned that legislation might attempt to postpone the 1991 deadline for new, tougher capital requirements for the industry.

A senate house banking subcommittee yesterday approved amendments to Mr Bush's rescue package that would strengthen the Federal Deposit Insurance Corporation and give the agency broader borrowing powers.

The subcommittee overwhelmingly approved a measure that would make the FDIC the "principal" regulator for state-chartered thrifts.

It would also permit the FDIC to issue notes not exceeding a total that would place the agency in a net deficit position.

Separately, the panel approved a package of amendments put forward by Mr William Seidman, FDIC chairman, which would strengthen the agency's political independence.

Aside from the question of capital requirements, the Bush Administration's other main objection focuses on attempts by Congress to use a different financing mechanism to raise the money to pay off depositors at insolvent S&Ls.

The Administration has proposed using an off-budget government corporation that would sell $50bn (£29bn) worth of bonds, but key Democratic lawmakers have said that the Treasury could raise the money at lower interest rates if it sold the bonds itself.

They argue that the financing method would not breach the Gramm-Rudman budget balancing law because it would count as an extraordinary spending measure in the middle of a financial year.

Mr Brady, however, has countered that attempts to create a budget fudge would arouse concern among the Group of Seven industrialised countries, which are pressing for credible reductions in the federal budget deficit.

The House banking committee has begun consideration of a bill this week, and the Senate banking committee is due to begin drafting next week.

The S&L industry, exercising its political muscle on Capitol Hill, has focused its campaign on attacking the 1991 deadline for more rigorous capital standards.

A compromise is, at this stage, considered much more likely than a veto.

Bush threatens bill on minimum wages

US PRESIDENT George Bush yesterday renewed his threat to veto legislation raising the minimum wage beyond $4.25 an hour as Senate Democrats moved to quickly pass a bill raising the wage floor to $4.55, AP-DJ reports from Washington.

House Minority Leader Mr Bob Michel, who met with Mr Bush and relayed his comments to reporters, said the President "made it abundantly clear there will be absolutely no flexibility, not one penny, not one deviation"

Mr Bush met Republican congressional leaders hours before the Senate opened debate on the legislation.

The Senate bill, sponsored by Senator Edward Kennedy would raise the hourly minimum from $3.35 to $4.65 by January 1992 and contains no provision allowing a lower wage for new workers.

But Kennedy aides said he would offer an amendment making his measure identical to the House bill passed two weeks ago, which has a final wage of $4.55

Standoff in Haiti as fighting dies down

By Michael Tarr in Port-au-Prince

A TENSE standoff continued yesterday morning between troops loyal to Gen Proper Avril, Haiti's President, and dissident soldiers demanding his removal because they oppose a recent purge of officers accused of corruption.

Long bursts of automatic weapon fire punctuated the night in most parts of the capital but there appeared to have been no fighting.

Reports were sketchy because the Government has declared a state of emergency, imposed a curfew and ordered radio stations to broadcast only official communiqués.

The 1,100 men of the presidential guard, loyal to General Avril, are outnumbered by the rebel units, the 900-strong Dessalines Battalion and the Leopards Corps, with 450 men. But the president's faction has the army's only armoured vehicles.

In an address from the presidential palace, Gen Avril appealed for an end to the mutiny "to prevent the nation's collapse" and warned of the danger of foreign intervention.

He claimed that the officers who began trying to depose him last Sunday were planning to restore the kind of rule that characterised the Duvalier family's 29-year dictatorship.

Western diplomats and centrist politicians still see Gen Avril as Haiti's best hope for a transition to democracy and fear anarchy and the return of the Duvalierists if he falls.

Curbs on military in Chilean reform plan

CHILE'S opposition and an influential conservative party yesterday proposed constitutional reforms which would keep the military from intervening in politics and limit congress to elected members, Reuter reports from Santiago.

A 17-party alliance of opposition parties and the conservative Renovacion Nacional, which together claim to represent the vast majority of Chileans, also proposed a series of other changes designed to make the charter conform more closely to a Western-style democracy.

"The majority of the country wants reforms... And these [proposals] will contribute to the necessary consensus that the country needs for the stability of the democratic system," said Mr Oscar Godoy, a member of the 10-man team of constitutional experts who drew up the proposals.

The proposals will go to Interior Minister Carlos Caceres.

● Gen Enrique Seguel, former central bank head, has been sworn in as Finance Minister to replace Mr Hernan Buchi, who resigned saying he was considering standing as a presidential candidate.

Venezuelans stage protests

Venezuelan students and slum residents have staged scattered demonstrations since Monday to protest against the Government's recent economic adjustment programme, which has provoked steep price increases and higher interest rates, Joe Man writes from Caracas.

Protesters in Caracas and Maracaibo set fire to buses, blocked thoroughfares and engaged in fights with police. The scenes were reminiscent of clashes in February and early March that developed into a wave of violent civilian riots which left 300 dead and thousands of injured.

This week's disturbances, in which one person has died, have been concentrated in the two cities and so far have occurred on a limited scale.

Mexican reform plan expected

Mexico will soon announce its intention to undertake a three year economic reform programme with an option to extend for another year supervised by the International Monetary Fund, and is seeking new loans from commercial banks over a similiar period.

Mr Pedro Aspe, Mexico's Finance Minister, told senior US bankers in New York on Tuesday that Mexico would soon submit a letter of intent to the IMF for a three year Extended Fund Facility with an option to extend for another year, bankers said.

Austere Canadian budget likely

Mr Michael Wilson, Canada's Finance Minister, will deliver the 1989 budget on April 27, David Owen writes from Toronto. An exceptionally austere package is expected as the Mulroney Government attempts to bring its worsening deficit and debt problems under control in the wake of a sharp run-up in interest rates.

Brasília and Paris fall out after environment meeting

By Ivo Dawnay in Rio de Janeiro

A ROW has broken out between Brazil and France over advertisements published in Paris to publicise the outcome of last month's 24-nation meeting in the Hague on the environment.

Brasília says France has wrongly implied that President José Sarney's government is "ready to surrender a part of its national sovereignty for the common good of all humanity."

In recent months, politicians and diplomats in Brazil have repeatedly responded to international criticism of the destruction of Amazon rain forest by saying the country will never surrender its sovereignty over the region.

The affair is made worse by the personal involvement of French Premier Michel Rocard. According to Brazilian diplomats, he personally rang Mr Sarney last Thursday requesting that he join the other signatories of the so-called Hague Declaration by simultaneously publishing the text on April 3. It was also suggested that the newspaper advertisement might be accompanied by the text of the speech of each country's representative at the talks.

But when the French version appeared, it was accompanied by a paragraph defending the creation of an international body with supra-national powers to deal with ecological issues at the expense of national sovereignty. It allegedly implied that all 24 signatories of the much vaguer declaration had supported such a move.

In fact, Ambassador Paulo Tarso Flecha de Lima, Brazil's senior diplomat, had specifically attended the Hague meeting to ensure any such proposals were not included in the declaration.

A curt note demanding an explanation for the advertisements, carried in Le Monde, Figaro and Libération, has now been sent to the French embassy, expressing Brazil's "perplexity and disagreement" with the text.

The French are taking a calm attitude to the row, and seem willing to placate Brazil through diplomatic channels. But the row is certain to worsen already poor relations between the two countries over "green" issues.

● Mr Sarney was yesterday due to announce details of a $178m package of environmental measures including the creation of four new ecological reserves, land reform and new controls on forest destruction.

Bumpy ride on Brazil's railway to nowhere

Bad timing and corruption claims put Sarney's project in doubt, reports **Ivo Dawnay**

BRAZIL'S 1,000-mile North-South Railway – the world's longest and most controversial rail project – is inaugurated today with its proud founder in serious doubt as to its chances of completion.

For as President José Sarney opens the first 65-mile stretch of track, the ministers chugging along behind him are well aware that much of the Brazilian public believes it too is being taken on an expensive and unnecessary ride.

Originally conceived two decades ago, the rail link between Brazil's isolated northern port of São Luís and Anapolis in the wealthy industrial south might once have been considered an exciting new milestone on the nation's road to development.

Its aim is to turn the huge, underpopulated Cerrado region – the inland savannah running north from Brasília – into farming's new California, while taking population pressure off the overcrowded coast and south.

It could do both. But poor timing, cackhanded public relations and the all too familiar odour of corruption have turned Mr Sarney's pet project into a national symbol for all that's wrong with his tired administration.

The $2.4bn (£1.4bn) railway was first announced at the end of 1986 in the midst of an economic crisis, surging inflation and the first in a series of austerity programmes.

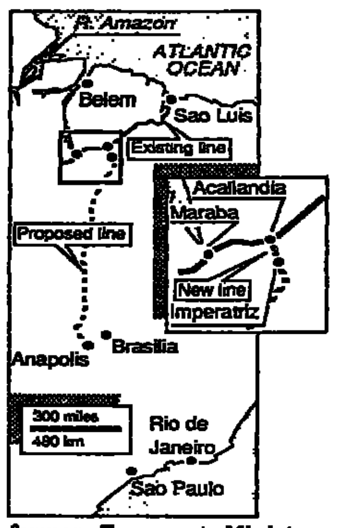
It was arbitrarily imposed under a decree law by a president whose home state, Maranhão, looked set to be its greatest beneficiary.

Few efforts were made to rebut criticism of its pharaonic scale, nor were comprehensive viability studies publicly presented to justify its cost.

Within months, an enterprising journalist proved that the outcome of tendering for the initial engineering contracts was known several days before the opening of the sealed bids. Predictably, criminal investigations into the corruption allegations came to nothing.

For the public at large, the scandal instantly transformed the North-South Railway from romantic Cinderella into greedy, Ugly Sister, evidence that the New Republic was as dismissive of democratic consultation processes as its military predecessor.

As Mr Affonso Camargo, a



former Transport Minister, observed witheringly at the time: "In certain cases like this, it would be cheaper simply to pay the commission to the interested parties rather than carry the work through."

In a more temperate editorial, entitled Off the Rails, the Jornal do Brasil, the respected Rio daily, asserted that while there were arguments for a railway, the scandal demanded that the project be halted for further evaluation studies, open public discussion and the wooing of overseas investment finance through foreign debt conversion.

This was ignored. And despite further and deeper public expenditure cuts each year, Mr Sarney continued channelling funds towards the railway, allegedly calculating that the more track constructed, the harder it would be for his successor to axe it.

As a consequence, while some centrists and right-wing congressmen have been won round to the railway, many on the left – now gaining political momentum in the lead-up to November's presidential elections – regard abandonment of construction as an article of ideological faith.

This might be a pity. A month ago, Valec, the state railway company, made a powerful argument for rail transport as a means to open up the Cerrado. They told foreign journalists – "Ours have closed their minds," one executive confessed – that the combination of new fertilisers and farming techniques could make an area of 143m hectares, three times that of France, burst into bloom.

Up to now the key remaining hurdle has been the cost of road freight transport. The railway would not only cut heavy diesel import costs, but could carry 40m tonnes of grain a year to idle port capacity at São Luís.

A swing in Brazilian migration tides and a redistribution of wealth from the south to the centre and north would follow naturally, Valec concluded.

Dark glasses should be worn to dim the dazzling hyperbole of Valec's prospectus. Large-scale land reform would be necessary if any major lasting population shift were to become reality.

And what would be the environmental impact – now the most potent poison pill against foreign investment interest – on the nearby Amazon rainforest?

Nevertheless, it is hard to argue that there is no case whatever for further serious consideration of Mr Sarney's unpopular brainchild.

But as he mounts the footplate for today's inaugural outing, the president may unhappily reflect that the greatest threat to its achieving full maturity is public distaste for the manner of its birth.

OVERSEAS NEWS

Namibia fighting grows ahead of ceasefire talks

By Anthony Robinson in Cape Town

THE bush war between South West African People's Organisation insurgents and combined South African backed police and army units intensified yesterday as diplomats from Angola, Cuba, South Africa, the Soviet Union and the US prepared for key ceasefire talks in the Namibian capital Windhoek on Saturday.

The five powers are members of the joint commission set up at South African insistence as a forum for ironing out any difficulties which arose in the implementation of the tri-partite Angolan peace agreement signed in New York on December 22 by Angola, Cuba and South Africa.

The two superpowers participate formally as observers. The Soviet delegate to Saturday's talks, called at Pretoria's request, will be Mr Anatoli Adamishin, the Soviet Deputy Foreign Minister.

Cuba, which yesterday told Pretoria that it shared concern over developments in northern Namibia and re-affirmed its commitment to the international treaties, will be represented by Mr Carlos Aldana, a senior diplomat who took part in all the treaty negotiations.

The Angolan delegation will also be at ministerial level. The Cuban and Angolan teams come fresh from negotiations in Luanda in which Mr Marrack Goulding, a UN special envoy, sought to hammer out ceasefire terms with Mr Hidipo Hamutenya, the Swapo representative.

General Magnus Malan, the South African Defence Minister, Mr Pik Botha, the Foreign Minister, and Mr Neil van Heerden, the Director General of Foreign Affairs, will head the South African delegation at the meeting, to be held at a secluded farm outside Windhoek.

The aim is to finalise a ceasefire with the priority of stopping the killing and getting Swapo guerrillas out of Namibia and into Angola. A police spokesman at the Oshakati base in northern Namibia said the Swapo death toll rose to 218 yesterday. The fighting intensified between small groups of insurgents over a front which has expanded in the last two days from 300 to 500 kms as further Swapo units reportedly crossed the border and split into small groups to avoid being hunted down by security forces.

The main sticking point remains Swapo's apparent insistence that the over 1,500 armed men who have crossed the border in defiance of international agreements since April 1 should be allowed to remain in UN guarded camps inside Namibia.

President P.W. Botha yesterday confirmed in parliament that South Africa demands their removal from Namibia to UN-monitored bases in Angola above the 16th parallel.

India fights to control population growth

K.K. Sharma in New Delhi on the moves to introduce 'voluntary' family planning

AFTER the excesses of forcible sterilisation, engineered by the late Mr Sanjay Gandhi, the controversial brother of the present Indian Prime Minister, during his mother's emergency rule in the mid 1970s, the Indian Government has been reticent about its population control programme, the only one of its kind in the world.

Recently, however, what is now called the Ministry of Family Welfare (rather than family planning or birth control, which its programme is all about) broke its silence to claim that India's birth rate is gradually declining.

Following the "massive family planning programme" that has been vigorously pursued for the last several years, the ministry claimed, the birth rate started declining from 1985 when the national average was 32.9 per thousand to 32.6 in 1986 and 32.2 in 1987.

The ministry also claims that family planning methods are available to 90 per cent of the population, although it acknowledges that only 35 per cent of these actually "practice" birth control methods while 65 per cent are just "aware" of them.

The claims disguise the fact much-needed birth control programmes aimed at slowing down India's baby boom has barely touched the fringe of the problem.

An Indian is still born every 1.2 seconds, so that the population is rising at the alarming rate of 70,000 a day. Having already crossed the figure of 800m, it is fast approaching the 1bn mark.

Despite the $1.9bn spent on birth control measures in the past decade, this has meant the population is still growing at the rate of 2.2 per cent a year. This is rapidly eroding the gains from economic development and constantly adding to the vast army of India's unemployed.

Family planning experts say the birth control programme has still not rid itself of the stigma that stained it during Sanjay Gandhi's forcible sterilisation campaign and slower methods have had to be used. Yet what has not changed is the "target" approach and the officials' mania for statistical success has led to methods that come close to the "excesses" of Mrs Indira Gandhi's emergency rule.

In the north-western state of Haryana, for instance, teams of junior officials fan out into the villages to spread the message of the benefits of small families and persuade married people with more than three children to accept some kind of birth control methods. Although the officials claim that this includes condoms or the pill, in practice it has meant enrolment of volunteers for sterilisation.

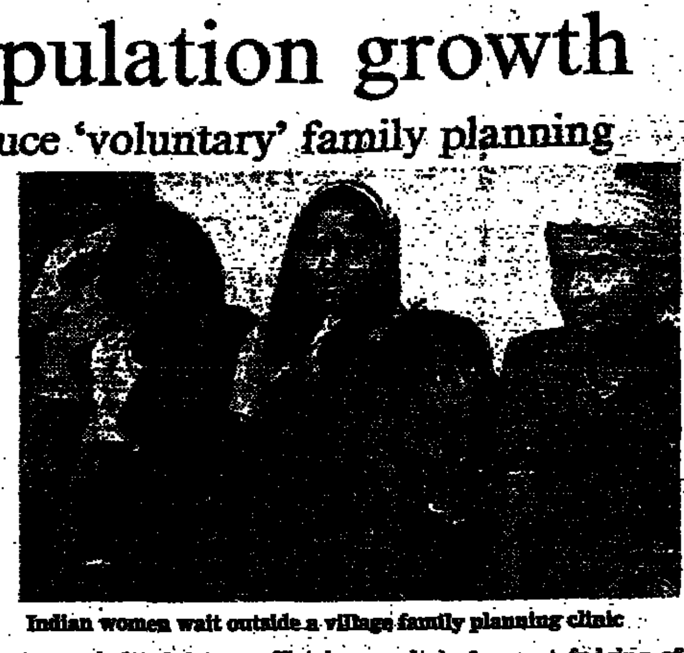
Sterilising operations are carried out in modern hospitals of the kind that exist at Nuh, a small sub-district health centre with modern equipment, clean and hygienic rooms and a well-equipped operating theatre where a weekly sterilisation "camp" is held by a team of qualified surgeons.

Volunteers for the sterilisation operations are lured by monetary inducements (11$ for each "case") and a fortnight's holiday from work. But the centre's target of an average of 100 "cases" a week is rarely achieved despite a vigorous propaganda campaign on the advantages of small families.

District officials are under constant pressure to fulfil the target and this has led to a chain of pressure tactics down the line that come close to Sanjay's forcible sterilisation. Villagers with dealings with the officials complain they are often asked to produce "volunteers" for sterilisation if their work in Government departments is to be done speedily.

This frequently means that before bank loans are granted, sale deeds registered or subsidised supplies made, villagers must provide a certain number of volunteers for sterilisation so that district officials can fulfil their targets. Such volunteers have usually to be "bought" and, as one villager said bitterly: "They benefit in two ways. They are paid by the Government for volunteering for the operation and they are paid by us for agreeing to volunteer".

The villagers admit to malpractices. Volunteers for sterilisation are often past the age of producing children. Family planning experts say some go through the operations two or three times, cashing in on the rewards each time. This is, in fact, admitted in an official report which says: "There is a fairly high proportion of ineligible couples undergoing sterilisation who are reported to be beyond the reproductive span."



Indian women wait outside a village family planning clinic

The population control programme faces other hurdles, notably superstitions and religious beliefs like the Hindu's wish for a son to light his funeral pyre that motivate large families. In villages, small families do not just mean fewer mouths to feed, as official propaganda tells the people, but also fewer hands which would otherwise be used to augment the family income.

This compounds the health workers' difficulties in "motivating" couples to accept family control methods that would space their reproduction. Since they have to fulfil targets, the result is frequent fudging of such reports of successfully "motivating" couples to use condoms or accept intra-uterine devices. A Government report admits: "There appears to be a high degree of over reporting of cases with regard to IUD insertions and distribution of oral pills and condoms."

Since the emphasis of the family programme remains on sterilisation, volunteers for which are difficult to find, the birth control programme with its target of reducing a birth rate to 29.1 per thousand by 1990 and 21 by 2001 is almost certain to be missed. Says a senior official of a private family planning foundation: "There seems to be a second baby boom around the corner and it will push up the population even faster."

Bhutto cuts activities of Pakistan intelligence

MS Benazir Bhutto, Prime Minister of Pakistan, has curbed the role of Pakistan's military intelligence in arming and supporting Afghan and Indian rebels, an Indian minister said yesterday, Reuters reports.

India, which has fought three wars with Pakistan since the two countries became independent of Britain in 1947, has complained bitterly in the past that Pakistan's Inter-Services Intelligence (ISI) aided Sikh and Kashmiri militants.

But Deputy Home Minister Mr Palaniappan Chidambaram told parliament Ms Bhutto had severely curtailed its activities since taking power last December.

"There is a whole lot of evidence that the ISI's powers and sphere of action in encouraging terrorism in India and Afghanistan have been severely curtailed since democracy returned to Pakistan," Mr Chidambaram said.

Mr Rajiv Gandhi, Indian Prime Minister, made the first official visit to Pakistan by an Indian prime minister last year when he attended a regional conference in Islamabad and held talks with Ms Bhutto.

Both expressed a strong desire for better relations. But Mr Chidambaram added that ISI links to Sikh militants in the north Indian state of Punjab and rebels in Kashmir had not ceased.

Syria angered at French statements on Lebanon

By Victor Mallet

SYRIA yesterday criticised the recent upsurge of French support for Lebanese Christians, as artillery bombardments in Beirut shattered an Arab League-sponsored ceasefire hours after it came into effect.

Mr Farouq al-Sharaa, the Syrian Foreign Minister, was quoted in Damascus as attacking "irresponsible statements in Paris."

But he made no direct reference to a claim by Mr Jean-Francois Deniau, a French special envoy sent to Lebanon, that Syria ordered the shelling of the French Embassy in Christian east Beirut on Wednesday in a vain attempt to prevent him from meeting General Michel Aoun, the Christian leader. Mr Deniau later met Gen Aoun and crossed to west Beirut to see Mr Selim al-Hoss, the rival Moslem Prime Minister backed by Syria.

President François Mitterrand again expressed his support for Lebanese Maronite Christians yesterday in a meeting with French members of parliament. "France is the friend of all Lebanese but today it is the Lebanese Christians whose lives and security are threatened," he said. "We will not accept that any minority at risk should be sacrificed."

About 150 people have been killed in Beirut since mid-March when Gen Aoun attempted to exert his authority over militia-run ports and went on to challenge the presence of some 30,000 Syrian troops in Lebanon.

Arab League mediators proposed a ceasefire plan – their second in nine days – after meeting Lebanese Moslem and left-wing leaders in Damascus. They called for a ceasefire at midnight on Wednesday, but the shelling resumed after midday yesterday.

Hyundai softens line on strike

By Maggie Ford in Seoul

MR Chung Ju Yung, chairman of South Korea's Hyundai business group, yesterday gave in to mounting pressure urging his intervention in the continuing strike at the company's shipyard.

After a meeting with Dr Han Seung Soo, Minister of Trade and Industry, Mr Chung apologised for the trouble the strike was causing and agreed to attempt to work out a solution.

More than 10,000 police launched a dawn raid on the yard last week to end the three-month-old strike.

Since then, however, more workers have joined the company's democratic trade union in protest at the police action. Mr Chung's failure to negotiate with the workers and reliance on the police has sparked strong criticism.

Students and dissidents have travelled to Hyundai's east coast "company" town of Ulsan, to support the workers.

Demonstrations have continued for a week with riot police fending off stones and molotov cocktails with shields and tear gas. Fears have grown that if the violence escalates a major crackdown may take place.

The Government warned yesterday that it would not tolerate involvement of "leftists" with workers, but denied that it had any intention of using military force at the shipyard.

The three opposition parties yesterday called on the Government to withdraw the police from Ulsan and criticised Mr Chung for his failure to take responsibility for the strike.

The workers are demanding that the company recognise the democratic trade union, rather than the union set up by the company.

They also want an apology from the management for its violent tactics against union leaders and the release and reinstatement of several unionists who have been imprisoned.

However, now Mr Chung has agreed to take part in seeking a solution, tensions may be defused.

Libyan jet deal worries Israel

By Hugh Carnegy in Jerusalem

ISRAEL yesterday expressed "deep concern" over the Soviet Union's sale to Libya of advanced jet bombers which would bring Israeli territory in range of Tripoli's air force.

Reports from the US that Libya is acquiring up to 15 Sukhoi SU-24D jets, six of which are thought to be in the country already, set off speculation that Israel might launch a pre-emptive strike to counter the potential threat, as it did against an Iraqi nuclear plant in 1981 and the Palestinian Liberation Organisation headquarters in Tunisia in 1985.

Israel is always happy if its Arab adversaries believe it is ready to take aggressive action, but its response to this latest addition to the Middle East arms build-up seemed aimed at Moscow as much as Tripoli.

Mr Moshe Arens, the Foreign Minister, said he was surprised that the Soviet Union was prepared to sell such sophisticated aircraft to regimes such as that of Colonel Muammer Gadaffi.

"It does not add to stability in the Middle East and certainly does not advance the peace process," he added. His ministry called on Moscow to reconsider the matter.

Defence Ministry officials said Libyan acquisition of such aircraft was worrying on two counts. It meant Libya would, for the first time be able to strike Israel from the air without its jets having to refuel on the ground. The SU-24s have mid-air refuelling equipment and a range of 800 miles.

Second, the Israeli air force was suffering a budgetary squeeze which placed limits on its operations.

Through Israeli eyes, the development adds to the list of potential enemies which can make direct strikes against the country. However, officials played down the possibility of pre-emptive strikes, at least at this stage.

Arens: surprised

Official Taiwan delegation to visit China

AN OFFICIAL Taiwanese delegation will visit China next month for the first time since 1949 for the annual meeting of the Asian Development Bank, Reuter reports from Taipei.

The decision marks a further thaw in relations between Peking and Taipei, which have been technically at war since 1949 when Communist armies drove the Nationalist government into exile on Taiwan.

Taiwan's Foreign Ministry said it had not changed its official policy of "no contact, no negotiation and no compromise" with the Peking government.

Nationalist delegates to the three-day conference would attend as representatives of a member nation of the regional development bank and would have no contact with communist officials.

"The delegation is not being sent to discuss or to have contact with the Chinese communists on relations between the two sides," it said.

Taiwan attended the last annual meeting in Manila last April after a two-year boycott in protest at a decision to change its designation to "Taipei, China" from "Republic of China" after Peking was admitted to the bank in 1986.

The Nationalists still claim to be the government of all China and viewed the name change as designed to downgrade the island's status.

Taiwan has still not accepted the new name and is to continue negotiating on the issue.

Australian docks reform recommended

By Chris Sherwell in Sydney

DECADES of stultifying inefficiency at Australia's docks could be ended if the Labor government accepts wide-ranging reforms recommended in a report tabled in parliament yesterday.

The report is by a three-man body called the Inter-State Commission, and has taken almost 2½ years to compile.

Its findings were promptly spurned by the powerful Waterside Workers Federation and endorsed by business and farmers groups.

The Government has promised a statement both on the docks and the similarly vexed issue of coastal shipping in May.

Existing arrangements impose unnecessary costs running to billions of dollars per year, and reform is a key element of the Government's general commitment to structural improvements to the economy.

The recommendations in yesterday's report are supposed to be implemented over three years, and would cost around A$300m (£147m). But they would save an estimated A$500m a year and offer another A$120m in benefits for shippers.

The aim is to improve management, remove anti-competitive practices, improve industrial relations and strengthen the influence of importers and exporters.

The commission foresees the loss of 3,000 jobs, but also the recruitment of about 1,000 workers aged under 30 to rejuvenate the stevedoring industry, where the average age is around 50. It recommends work practice reforms, job restructuring and retraining, and changes in the way labour is hired. It also suggests changes for port authorities, and for port and shipping services.

The Waterside Workers, one of Australia's most powerful unions, has taken particular exception to the proposed reduction in its coverage, effectively restricting it to major container terminals and large ports and removing it from small ports and bulk handling depots.

Kashmir hit by fourth day of violent protest

By David Housego in New Delhi

KASHMIR, which is beginning to rival the Punjab as India's most lawless province, was yesterday shaken by a fourth day of violence. Anantang, one of the main towns in the valley of Kashmir, was placed under indefinite curfew after the army clashed with demonstrators throwing petrol bombs. And in Srinigar, the capital, shops remained closed as part of a protest movement while skirmishes between police and rioters continued.

Kashmir, on India's northern border, is the most politically sensitive state in the union because of its Moslem majority and because of the border dispute with Pakistan. This week's clashes mark the third time this year that the province has been rocked by violence. Hindu-Sikh riots in January were followed last month by widespread demonstrations over Salman Rushdie's book, The Satanic Verses.

At the heart of the trouble lie some of the factors that precipitated Sikh extremism in the Punjab, including widespread unemployment among educated youth and a rise in religious fundamentalism. In Kashmir, discontent has been fanned by hostility to the coalition government of Dr Farooq Abdullah which is seen as having gained power by ballot rigging in 1986 and to have been corrupt and ineffective since.

As in the Punjab, large numbers of weapons have flowed into the province. The Government says these come from Pakistan and that some are weapons originally supplied by the West to Afghan guerrillas. It accuses Pakistan of having given training to 300 Kashmiri saboteurs who are backing a secessionist movement.

The provincial coalition Government, which includes the Congress party of Mr Rajiv Gandhi, the Prime Minister, seems powerless to stop the escalating violence.

Hong Kong urged to admit migrant labour

By John Elliott in Hong Kong

HONG KONG'S leading employers' organisations yesterday urged the Government to admit 50,000 workers from China and other Asian countries during the next two years to ease a serious labour shortage.

Nine chambers of commerce and industry federations proposed that in the short term at least 20,000 workers be brought in daily by bus and train from the China's adjacent special economic zone of Shenzhen to supplement the colony's labour force of 2.8m.

Workers from China and other countries should also be brought at full local wage rates on six-month to two-year contracts, based on experience in Singapore. In the longer term permanent migrant workers should be allowed in from China, supplementing a current quota of 75 people a day who mostly come to join their families.

New Hong Kong laws are to be enacted in Chinese as well as in English from today, starting with the planned new Securities and Futures Commission Act, as part of preparation for the colony's return to China in 1997. Some 31 volumes of existing laws are being translated into Chinese during the next five years, writes John Elliott.

The labour shortage has become serious in the past year. Employers estimate there are 200,000 to 250,000 vacancies in construction, manufacturing, retailing, hotels and other service sectors – mostly for unskilled workers.

This has helped push inflation to more than 11 per cent. Labour costs rose by more than 20 per cent last year, according to a report published by the employers yesterday, and wage rises in some sectors exceeded 30 per cent.

The Government puts the vacancies figure nearer to 130,000 and is refusing to admit unskilled labour. It believes this would put unacceptable strains on scarce housing and over-stretched infrastructure and depress wages, which would cause union and other problems.

In addition it is believed to fear a politically embarrassing row if large numbers of migrant workers refused to return home at the end of their contracts during the sensitive run-up to 1997, when Hong Kong reverts to Chinese sovereignty.

The Government's current policy allows skilled labour in for selected jobs – about 6,000 are estimated to have been admitted last year. Earlier this week it bowed to mounting pressure and agreed to examine ways of quickly increasing this number – including some workers from China for the first time.

Japanese strike

About 50,000 Japanese dockers went on strike yesterday demanding higher wages and shorter working hours, paralysing the country's major container ports, Reuter reports from Tokyo.

The container blockade followed a two-hour strike at six ports on Wednesday, and shipping sources said chances for an early breakthrough in the dispute were slim.

An estimated 1,700 dockers picketed at yard gates stopping container movements at the ports of Tokyo, Yokohama, Shimizu, Nagoya, Yokkaichi, Osaka, Kobe, Hakata, and Moji.

Refugee policies that leave Vietnam's boat people adrift

Richard Gourlay reports on the move towards screening procedures that will add to the problems of asylum-seekers

AFTER six days at sea in a 40-foot fishing boat, Nguyen Nhu Son landed in the Philippines on March 25, thinking that as a Vietnamese boat person he would automatically be resettled in the US or Canada – only to discover he may no longer be considered a refugee.

Like hundreds of boat people still leaving Vietnam, Nguyen Nhu Son was caught by an Association of South East Asian Nations declaration in Kuala Lumpur last month aimed at halting the sharp rise in boat people arriving in Thailand and Malaysia particularly.

This had triggered a resumption of the unofficial Thai practice of pushing refugee boats back out to sea, often into the arms of Thai pirates, or redirecting them to Malaysia, according to refugee workers.

At the Kuala Lumpur meeting of 35 countries, including Vietnam, Asean said that after March 14 member countries will distinguish between "economic migrants," who are simply looking for a better life, and "genuine" refugees fleeing well-founded fears of political, religious or racial persecution.

In theory those "screened in" as refugees will be resettled, but those "screened out" will stay in first asylum country camps until they decide to return home, the declaration said. It did not talk of forced repatriation, which officially is opposed by all participants.

The 12 countries most affected by the flow of Indochinese refugees, including the US, Canada and Australia, began a meeting in Hong Kong yesterday to study the colony's screening procedure, hurriedly introduced last June after a sharp increase in arrivals.

The world total of people exiled from their homeland, as estimated by the US Committee for Refugees in its report released yesterday, rose by more than 1m last year to 14.4m, Reuter writes from Washington.

They will then see if it can be adopted by Asean countries.

The Kuala Lumpur declaration was hurriedly pushed through by Thailand and Malaysia, over the heads of their partners who adopted later cut-off dates, in an effort to prevent an exodus of boat people before a UN meeting on refugees in June, when a detailed plan will be adopted.

To some extent the horse has already bolted. Arrivals in Hong Kong, mainly from North Vietnam where there have been three years of bad rice harvest, jumped over fivefold to 18,400 in 1988.

In Thailand arrivals fell 37 per cent to 7,086, probably as a result of the "push-off" policy; in Malaysia they rose 66 per cent to 13,312; and in the Philippines they rose 43 per cent to 3,826 in the same period, helping to bring the total number of Indochinese boat people by the end of March to nearly 62,000, up 21,600 on 1987, according to the UN High Commission for Refugees.

Vietnam's active participation in the Kuala Lumpur talks is only one sign it is prepared to do more to discourage the boat people, some western diplomats say.

Recently Vietnamese officials helping boat people escape have been arrested, while refugee officials just back from Ho Chi Minh City say Vietnam has speeded up the Orderly Departure Programme (ODP), which allows direct migration. As a result, since the Kuala Lumpur meeting, Thailand is again accepting boat people and concern that countries of first asylum will close their borders has for the time being receded. But there are serious doubts doubts whether an effective screening programme can be set up, refugee officials and some diplomats say.

Hong Kong's screening programme which the Asean committee will observe this week is clearly not deterring the boat people. Some 1,350 have arrived so far this year, nearly 50 per cent more than in the same period last year, and only a handful have so far been designated as refugees.

Second, many refugees in the Philippines say that even if they thought they might be screened out as economic migrants they would still have risked a boat passage, suggesting Asean might be seriously underestimating the passion with which Vietnamese wish to flee.

Then there is the uncertain status of screened out asylum seekers, who would accumulate in a sort of international limbo in first asylum countries and, if they did not opt for voluntary repatriation, would put their hosts under the same pressure they are under now.

One possible solution floated in Kuala Lumpur was that those screened out would be moved to an international holding centre until they decided to go home. Thailand suggested this could be in the Philippines, where there is no historic animosity such as that between the Thais and the Vietnamese. The Philippines is studying the plan.

"Short of changing the economic conditions in Vietnam, there is only one simple, but as yet internationally unacceptable, solution to the refugee problem and that is forced repatriation or deportation," says Mr Herman Laurel, the administrator of the Philippine Refugee Processing Centre.

Meanwhile, Nguyen Nhu Son and his family will go to the Palawan refugee camp at least until screening begins after the Geneva meeting. Until then he is neither a refugee nor a migrant. But the grapevine that carries every nuance of international refugee policy back to Vietnam will be feeding back to potential boat people one important message – that screening and repatriation are now firmly enshrined in the international refugee community's vocabulary.

Ceasefire rejected

Afghan rebels yesterday rejected a call by the Kabul government for a ceasefire during the Moslem holy month of Ramadan, saying they were on the verge of victory, Reuter reports from Islamabad.

The Defence Ministry of the Pakistan-based rebel government called on all Mujahideen guerrillas to redouble their efforts during Ramadan, which began yesterday. Moslems are supposed to fast from dawn to dusk during the holy month, but those fighting a Jihad, or holy war, are excluded.

In Kabul, a rebel rocket hit a fuel depot yesterday, destroying 13 oil trucks that had just reached the fuel-starved capital from the Soviet Union.

Troops halt demo

Chinese troops turned out in force at Peking's central square to prevent against any demonstrations that might be planned to commemorate the April 5 1976 protest which signalled the end of the Cultural Revolution. One man was taken away as he tried to commemorate an important demonstration, AP reports from Peking.

Dunkel tries to force the pace on farm reform

By William Dullforce and Peter Montagnon in Geneva

TOP TRADE officials were told yesterday that they were running out of time to reach an agreement on farm reform that would unblock the stalled Uruguay Round of multilateral trade negotiations.

The warning, from Mr Arthur Dunkel, Director General of the General Agreement on Tariffs and Trade, came as formal negotiations entered their second day with no agreement in sight on short term farm reform. Mr Dunkel, who had earlier expressed optimism that agreement was near, has begun to force the pace of the talks which are nonetheless now expected to run on into the weekend.

Delegates said that despite a widespread will to reach agreement, several countries were now having problems with accepting the concrete implications of a freeze on farm supports which forms an essential part of any final package.

The US has been insisting that the terms of a freeze should not prevent it from releasing land currently set-aside from grain production for fresh planting to compensate for the effects of last year's drought. The European Community considers that this would give the US an unfair advantage.

The EC cannot tell its dairy farmers that they will have to continue living with quotas, if US farmers may be released from the restrictions of the set-aside programme, EC officials argue. Exceptions should not be granted to the US alone, they say. The US should not be allowed to increase its grain production while the EC's hands were tied by a freeze on export subsidies.

The argument highlights the difficulties in applying a freeze on farm supports, when countries are using different budget instruments to pay their farmers.

The EC is arguing that the steps it has already taken to reduce its cereal prices are comparable with the US set-aside support. The only way of measuring a freeze covering two such disparate instruments is to use an aggregate measure of support (AMS), EC officials say. But the EC's insistence that an AMS must be used to check whether governments are complying with the freeze is opposed by most other countries, which want the freeze applied to each policy measure.

The AMS forms a second hurdle which negotiators have to take before they can reach the crucial accord on how to negotiate farm trade reform over the next two years.

Niles appointed as US representative in Brussels

By Peter Riddell, US Editor in Washington

MR THOMAS NILES, the US ambassador to Canada since mid-1985, has been appointed as US representative to the European Community in Brussels, where he will deal with America's concerns over the creation of the unified European market in 1992.

The choice of 49 year-old Mr Niles is significant since he is credited with helping to lower tensions over the US-Canada Free Trade Agreement which became an explosive issue in last year's Canadian election.

Mr Niles is regarded as a strong negotiator, but also as calm and tactful in handling local sensitivities. His trade experience will be vital in a post mainly concerned with the implications of Europe 1992, specifically issues such as reciprocity in financial services and standards.

A career diplomat, he was involved with European affairs at the State Department in the early 1980s and has held posts in Moscow, Belgrade and Brussels.

Trade row between US and Canada worsens

By Our Correspondents in Geneva

CANADA is to ask the General Agreement on Tariffs and Trade next week for permission to retaliate against the US because of its failure to comply with a Gatt ruling on its so-called "Superfund" oil levy.

Its decision follows closely on an announcement last week by the US that it was in turn planning retaliatory action against Canada for refusing to amend its curbs on the export of unprocessed fish in line with a Gatt dispute panel finding.

Neither country wants this intensification of hostilities to spoil the atmosphere of this week's Uruguay Round trade talks, but diplomats believe it reveals limits to their Free Trade Agreement which is supposed to make for smooth relations.

It also strikes to the heart of one part of the Uruguay Round which is designed to strengthen Gatt by tightening up its dispute settlement process in a way that would put greater pressure on members to comply with panel rulings.

Gatt's Superfund ruling which decreed that the oil levy, imposed in 1986 to finance a $9bn environmental protection programme, discriminated against foreign suppliers has been a long-standing embarrassment to the US. Washington has been unable to persuade Congress to amend the relevant legislation.

The European Community, which was also a party to the Superfund complaint, has already drawn up a list of possible retaliatory measures. A Commission official said this week it would act "very soon" in the absence of an appropriate US response.

Delegates to the Geneva Gatt trade talks said these developments underline how quickly a fresh burst of disputes could break out in the absence of agreement this week to set the Uruguay Round back on the rails.

Canada says it has been considering amending its fish export regulations in ways that would satisfy the US.

UK hangs on to Middle East export market share

By Victor Mallet, Middle East Correspondent

BRITISH exports to the Middle East fell by 3 per cent last year to £5.27bn, although Britain is holding on to its 11 per cent share of the market, according to an analysis of trade statistics by the semi-official Committee for Middle East Trade.

Four years ago, Britain's market share was only 8 per cent, and the improvement is attributed by Comet to Britain's relative weakness in winning the major projects of the late 1970s and early 1980s. Today much of the infrastructure in the Gulf oil states, often built by Britain's Japanese, European and American competitors, has been completed.

"We're still hanging on to our increased market share," said Mr Sinclair Road, a consultant for Comet. "We've always been better at general supply business."

Despite the drop in British exports to the Middle East, the region's share of all UK exports rose slightly to 7.1 per cent last year from 6.8 per cent in 1987 - reflecting the overall fall in UK exports in sterling terms.

Iraq was notable for increasing its imports from Britain by more than 50 per cent to £412m, a rise linked to the provision of British export credit guarantees, while Iranian imports from Britain fell 20 per cent to £248m. Significant increases were also recorded in Oman and Algeria, and Lebanon - where whisky, cigarettes and other consumer goods are imported for smuggling to Syria.

Exports to Saudi Arabia, the largest Middle East market for the UK, fell in line with the uneven delivery of Tornado aircraft, and Egypt, Turkey and the two Yemens also reduced imports from Britain.

Comet officials have expressed concern that neither government nor business in Britain pays enough attention to the Middle East. They point out that the region contributed a surplus of £2.9bn to British trade figures last year.

"Although UK exports to the region continue to register a small annual drop from the peak figure reached in 1983, it remains one of our major market areas," Comet said.

● Shanning International, the medical equipment packaging company, has won a £23m contract to supply, install and commission a hospital complex in the Iraqi capital Baghdad.

The Export Credits Guarantee Department is supporting a £16m loan from Midland Bank for the project, and the balance is being funded in mixed currencies under an agreement between Rafidain Bank of Iraq and Shanning International.

UK 1988 Exports to the Middle East

Country	Value £m	% Ch'ng 87/88
S. Arabia	1,713	−13
Turkey	478	− 7
UAE	453	− 3
Iraq	412	+54
Oman	345	+38
Egypt	289	−15
Iran	248	−20
Kuwait	238	+ 5
Libya	236	+ 7
Jordan	184	− 3
Bahrain	198	+10
Others	527	−
TOTAL	5,271	− 3

Source: Comet/UK trade stats

Indonesian air industry takes off

John Murray Brown on jumping hurdles to home-grown technology

AT THE headquarters of PT Nusantara (IPTN), the company at the leading edge of Indonesia's state-run aerospace industry, engineers sit at brand new US-made IBM computers. The software they use is a programme specially written by Dassault, the French aircraft maker. The design on the screen, however, is totally Indonesian.

Today, at a time when the company faces growing public and government pressure to show a profit or at least a nominal return on its huge state investment, technicians at IPTN are dreaming up the design of the country's first homegrown aircraft.

A "head in the clouds" idea is how one of the growing number of critics of IPTN describes this latest project at a time when even the world's best known aerospace firms are setting their sights on joint collaborations.

Of greater concern, however, is the economic cost of yet another venture which will absorb further state subsidies at a time when a fall in oil revenues has put Indonesia's budget under increased strain.

"You cannot just count the aircraft manufactured, you also have to look at the skills acquired and the workforce we've developed," says Air Vice Marshal Suwondo, Director of General Affairs at IPTN, in answer to the critics.

A seven-man research team is developing the N250 the propfan 50 seater, which IPTN hopes to unveil at the 1996 Jakarta airshow, an Indonesian prototype to replace the Fokker 28 and 27 and compete with the Italian ATR-42.

IPTN is no stranger to controversy. Late last year in an apparent bid to counter growing criticism of the company within the cabinet, President Suharto publicly declared that IPTN was not a "prestige project." Like so many of the country's more ambitious schemes Indonesia's aerospace industry was the brainchild of Professor Jusuf Habibie a former director of Messerschmitt Bolkow Blohm (MBB) who in 1974 returned to Jakarta as President Suharto's Minister for Research and Technology.

The President's support for Professor Habibie has been vital. No Indonesian state company has received greater protection than IPTN. Apart from its substantial budget subsidy, which was increased by 44 per cent for 1989-90, the company enjoys special import rights on raw materials such as aluminium and plastics.

Domestic carriers are obliged to buy from IPTN, and even military and government procurement is now increasingly linked to counterpurchase and offset agreements with IPTN.

Since it was set up in 1976, IPTN has fostered relations with Casa of Spain, MBB, Aerospatiale of France, Fokker, Boeing and most recently General Dynamics on a range of collaborative ventures from simple maintenance agreements to airframe manufacture.

> 'You cannot just look at aircraft manufactured, but at the workforce we have developed.'

Indonesia is viewed as a huge aviation market even if the fall in oil prices has proved something of a setback to current spending plans. Defence sales offer further opportunities – the latest example being the purchase of the F–16 from General Dynamics of the US.

The visit to IPTN at the end of March of Mr George Younger, the UK Defence Secretary, has raised the sales pitch of UK firms in both military and civilian sectors. British Aerospace is negotiating to collaborate on the Hawk 200, while the Tornado is offered by a joint UK–German–Italian collaboration.

According to some western defence experts, IPTN's 70-acre site in the volcanic hills outside Bandung is one of the world's best-equipped airframe manufacturing complexes.

IPTN currently has 14,000 staff making it the second largest company after Pertamina, the oil monopoly. The payroll includes more than 1,000 engineering graduates. Half the workforce are bachelors. The average age is only 28.

However, the company has only sold around 200 aircraft both fixed and rotary wing, mostly to the government. As for export orders, Thailand bought five CN 212s, the plane built with Casa, for cloud seeding. Saudi Arabia purchased four CN 235s, another collaboration with Casa, which is seen as a possible competitor for the Italian ATR 42 as a short hop commuter plane. Botswana took two 235s, again for agricultural use.

With rotary wing orders now also depressed due to the slow down in domestic oil activity, IPTN is looking at offset deals and component supply contracts. Boeing and Fokker have each signed component deals worth a total of $75m (£44m). The $337m F-16 contract contains 35 per cent of the cost in local offset.

If British Aerospace want to succeed with the Hawk they will have to match or better those sort of terms.

Norwegian ship register scores notable success

By Karen Fossli in Oslo

NORWAY's International Ship Register (NIS) has scaled new heights since its formation nearly two years ago, far surpassing the expectations of its founders and critics alike.

The latest figures show a near doubling of NIS-registered vessels, to 486 from July, 1988 when the number of ships registered under NIS was 251.

NIS was established to stop the flood of Norwegian ships to flags of convenience or "open" registers such as Liberia and Panama by offering broadly similar savings on crew costs.

NIS has also helped to prevent Norwegian tonnage from being seriously reduced and is credited with restoring growth within the Norwegian shipping industry which suffered tremendously during the shipping crisis in the 1970s.

Of the 486 NIS-registered ships, 54 had originally sought other registers but turned to NIS after its establishment.

About 330 NIS ships come from abroad. Twelve are newbuildings from foreign shipyards; 106 are Norwegian-owned but earlier registered out of Norway, while 212 represent second-hand tonnage purchased abroad.

Norway currently owns about 6 per cent of the world fleet up from 4 per cent less than two years ago.

By contrast, there are 406 Norwegian-owned ships flying 33 different foreign flags.

Tourists given a misty view of the London sights

PRESIDENT Gorbachev scattered security men yesterday when he leapt from his car to meet members of the public who had been waiting in the rain to see him. He and Mrs Raisa Gorbachev had just left Westminster Abbey, where they had laid a wreath of poppies on the tomb of the unknown soldier.

After the ceremony, Mr Gorbachev told a Soviet reporter, and his words were translated for Mrs Thatcher: "This has been a very significant event here. It reminds all of us of our common responsibility."

The Soviet premier was the first to sign the Abbey's new distinguished visitors' book and he was handed a copy of a comprehensive history and guide to the building.

Mrs Gorbachev was given two tapes of the choir singing music for Royal occasions and carols, as well as a commemorative dish.

Later, disappointed officials at Tower Bridge were left standing when Mrs Gorbachev failed to set foot inside the landmark. She was due to make her way to the top of the Victorian bridge to see the views over London, but as she was running 35 minutes behind schedule the visit was cut short.

Mrs Gorbachev arrived from her tour of St Paul's in a 10-car cavalcade. She was greeted at Tower Bridge by the Lady Mayoress of London, Lady (Anne) Collett, before being shown mist-shrouded views along the Thames.

When asked how she felt about the weather, she said through her interpreter: "It is very fresh after leaving Havana."

She was asked why she had chosen to see Tower Bridge during her whistle-stop tourist trip and replied that she wanted to see the panoramas of London. However, the low cloud and drizzle meant views were poor.

She added: "I am glad to come and see this great and beautiful city again, where history is in close touch with the present time."

Mrs Gorbachev was asked about a possible visit by the Queen to the Soviet Union. She said: "It is not my responsibility. That is up to the General Secretary."

Waiting for her inside Tower Bridge had been assistant bridge master Mr Keith Bywater, together with Sir Christopher Leaver, chairman of the London Tourist Board, and Mr Christopher Mitchell, chairman of the Corporation Planning Committee.

When he discovered Mrs Gorbachev would not be paying a visit, Mr Bywater said: "Of course I think everyone is disappointed under the circumstances."

Mrs Gorbachev later delivered a message of peace to pupils of Prior Weston primary school, in London's Barbican, during her visit to the Museum of London.

After receiving a bouquet of red carnations from eight-year-old Benjamin Robinson, the former teacher said: "Let the flowers grow everywhere.

Mrs Gorbachev appealed to the class to pass on the peace message to their fathers, mothers, grandfathers and grandmothers.

Ashley Ashwood

Pointing the way: Mrs Thatcher and Mr Gorbachev with an interpreter

Howe says sale of bombers 'disquieting'

By Robert Mauthner, Diplomatic Correspondent

MR EDUARD Shevardnadze, the Soviet Foreign Minister, yesterday countered British expressions of concern at US-inspired reports that the Soviet Union had sold up to 15 supersonic Su-24D jets to Libya by pointing to the large quantities of western arms sales to the Middle East.

Sir Geoffrey Howe, the Foreign Secretary, had expressed the British Government's concern over the reports in talks with Mr Shevardnadze on the sidelines of the meeting between Mr Mikhail Gorbachev, the Soviet leader, and Mrs Margaret Thatcher, the Prime Minister. British officials said there had been "a fairly sharp exchange" on the subject.

The reports were neither confirmed nor denied by Mr Shevardnadze, but Mr Gennady Gerasimov, the Soviet Foreign Ministry spokesman, later suggested that there was "something suspicious" about the timing of their publication in the US press, particularly since the sales had been public knowledge for some weeks. Somebody on the other side of the Atlantic perhaps wanted to throw a spanner into the works of the Gorbachev-Thatcher meeting in London, the Soviet spokesman said.

Sir Geoffrey said the sales of the bombers, with a long enough range to reach Israel, were particularly disquieting because of the unpredictable character of the Libyan regime and its supplies of small arms and explosives to the IRA. They were also in contradiction to Soviet calls for a halt to arms supplies to Central America and other areas.

While Mr Shevardnadze recognised that the arms build-up in the Middle East was a matter for serious concern, he emphasised that Britain was contributing to the dangerous situation. He specifically mentioned the recent huge British arms deals with Saudi Arabia for the supply of aircraft, airbases and weapons systems, estimated to be worth £15bn to £20bn ($25bn to $35bn).

The two ministers also clashed over chemical weapons, which both countries, in principle, want to see banned. Sir Geoffrey questioned Soviet claims that the total Soviet stock of chemical weapons was no more than 50,000 tonnes. According to British estimates, Soviet stocks of chemical weapons are six times greater than the official figure and the Foreign Secretary said he found the Soviet position "unconvincing."

Ashley Ashwood

Out in the cold: the Gorbachev drivers take a break

Industry 'must seize Glasnost'

By Philip Stephens and Quentin Peel

THE BRITISH are putting a brave face on it. As Mrs Margaret Thatcher signed a new investment protocol yesterday with Mr Mikhail Gorbachev, the message to British industry was that it should now seek to grasp the opportunities that Glasnost offers for western business.

Some companies have already taken advantage of those openings. Alongside the new Investment Protection and Promotion agreement signed by the two leaders, several companies put the final seal on recently-completed deals.

British officials were also keen to point out that, even before yesterday's Protocol, some 19 UK businesses had already signed up for joint ventures in the Soviet Union and another 40 were actively considering similar deals.

They hope that the British trade fair which Mr Cecil Parkinson, the Energy Secretary, will open in Moscow next week will provide a further boost to both joint ventures and exports.

The new agreement should help. Similar to those signed with some 40 other countries, it provides a legal framework for investment deals between companies in the two countries.

It includes, for example, a prohibition on expropriation of assets, the right of unrestricted transfer of capital, and provision for international arbitration in the event of disputes.

Yesterday's exhortations from Lord Young, the Trade and Industry Secretary, did little to disguise the disappointment on both sides at the sluggish pace of expansion of both trade and investment projects.

In theory, two-way trade is on track to achieve the target set in 1987 of a 40 per cent increase to Rs2.5bn (£2.3bn) by 1990. The present volume is said by the Soviet side to be around Rs2.2bn.

But the figures actually overstate the real trade exchange between the two countries, because some 40 per cent of Soviet exports consist of diamonds and precious metals, most of which are simply being sold in London and re-exported.

Even the overall figure compares unfavourably with virtually every other European country and, significantly for the British side, masks a much faster increase in Soviet exports to the UK than the reverse.

The latest British statistics – not strictly comparable with the Soviet ones – suggest that in the 11 months to November 1988 the value of British exports to the USSR fell by 1 per cent from the same period a year earlier to £455m.

Britain's sales – concentrated in such areas as control instruments, specialised machinery, chemicals and cereals – also leave it well down the league table of western exporters to the Soviet Union.

In 1987 its share of overall western exports was only 3.9 per cent – inevitably well behind the 21.2 per cent claimed by West Germany but also significantly lagging the 10.7 per cent held by Italy and the 8.5 per cent by France.

Soviet officials also believe that British exporters have been particularly slow to respond to the reform of Soviet trade and investment legislation, intended to promote joint ventures and allow the full range of Soviet enterprises to find their own foreign trading partners.

"The level of co-operation is too low, and it does not match the level of opportunities between the two countries," Mr Nikolai Shishlin, a senior official at the Communist Party central committee, said on the eve of the Thatcher-Gorbachev talks.

As for the creation of joint ventures, British companies have been more sceptical than many others in Western Europe in reaching agreements, although a sudden rush of signings since the New Year has pushed up the total number to around 20.

The British Department of Trade, which has produced a new briefing pack on Soviet prospects, also alludes to the "short-termism" which appears to afflict British companies. The paper identifies clear opportunities for increased exports in sectors such as food processing, consumer products manufacturing equipment and general light industry but adds: "British companies must be prepared to participate in major capital investment projects, which requires a patient long-term approach to the market".

Soviet officials admit that the fault for the slow progress lies on both sides. They blame lack of British competitiveness: "In many cases, British firms have not been able to stand up to firms from West Germany, Italy, Japan, and other countries in tough competition for Soviet contracts," according to the analysis of the semi-official Novosti news agency.

On the other hand, the same paper highlights three factors in the Soviet market inhibiting British companies:

- Unwillingness to bear the responsibility for exporting jointly produced goods into saturated western markets in order to earn foreign exchange for profit-remittance
- "Lack of belief in the possibility of achieving high product quality by joint ventures in the absence of massive investment"
- The "opaque status of Soviet entities as partners in joint ventures" because of the lack of financial data on their standing.

Officials also blame the Cocom rules, and their particularly strict application in Britain, for the prevention of more high technology and sensitive exports.

Soviet officials have pinpointed a series of areas they believe could be developed in trying to promote bilateral trade. They include areas like processing of uranium, co-operation on space technology, and the promotion of greater transit traffic.

Whether British companies will take up the challenge is not yet clear.

Agreement on building of school in Armenia

By David Thomas, Education Correspondent

THE BRITISH Government, with the help of Aid Armenia and a group of British companies, is to build and equip a new school in Armenia, replacing one lost in last December's earthquake.

The agreement on the school was signed yesterday at 10 Downing Street by Sir Geoffrey Howe, the Foreign Secretary, and Mr Eduard Shevardnadze, Soviet Minister of Foreign Affairs.

The school in Leninakan will be designed by the Department of Education and Science with a team of consultants and will be built by contractors Mowlem International. It will cater for 400 pupils and will open for the 1990-91 school year.

The Armenian authorities have undertaken to clear the site, lay the foundations and floor slab, complete external work and provide the services.

British Petroleum, British Steel, Cable and Wireless, Coloroll, General Electric Company, Imperial Chemical Industries, P&O and Rolls Royce have joined Aid Armenia in contributing to the school.

Mr Kenneth Baker, Education Secretary, said: "The school will further strengthen the links we are establishing through teacher and pupil exchanges following my visit to the USSR last Autumn."

Trade delegation to Moscow next week

By Steven Butler

MR CECIL Parkinson, the Energy Secretary, is leading a delegation of high-powered British businessmen to the Soviet Union next week as part of a trade promotion effort.

The trip is part of British-Soviet Trade Month. Among other activities the promotion will give Soviet television viewers a chance to watch Thames Television for five nights from April 19 by means of a direct link to the Soviet Union's Gostelradio. The potential audience is 200m.

British energy companies are believed to have significant potential to expand sales into the Soviet Union. The event marks the first large trade fair of its type in nearly 25 years and is timed to mark the second anniversary of the opening of the Moscow office of the British-Soviet Chamber of Commerce.

Included in the delegation are senior executives from prominent UK engineering companies in the energy field, including Lord King, chairman of British Airways and FKI Babcock, Lord Jellicoe, chairman of Davy Corporation, Mr Allan Gormley, managing director of John Brown, Mr Peter Harvey, regional director for Eastern Europe of the General Electric Company, Mr John Kenny, director of J P Kenny, Mr John Ferrie, director of Rolls-Royce, and Mr David Linkley, director of Taylor Woodrow Management and Engineering.

Also in the delegation are Mr Basil Butler, a managing director of British Petroleum, and Mr Brian Eyre, of the UK Atomic Energy Authority.

Many of the companies in the delegation have active trading relations with the Soviet Union. British Petroleum will examine possibilities for opening a Moscow office.

Russia to export washing machines

By Christopher Parkes, Consumer Industries Editor

MAY DAY, 1990, will see the introduction to Britain of some of perestroika's earliest fruits. Fresh in from the Vjatka works in Kirov, the first of a 25,000-strong consignment of Russian washing machines will go on sale in the High Street.

Beautified by Pentagram, the classy UK design house, and engineered by a team including ex-employees of Hotpoint, Britain's leading appliance maker, they will be built with technical assistance from Italy's Merloni Elettrodomestici, maker of Ariston and Indesit appliances.

The imports result from a year-old joint venture between Parkfield Group, the auto components, foundries and video company, and Technical & Optical Equipment, the Soviet Union's consumer goods distributor in Britain.

Setting the seal on the link, Parkfield yesterday signed an agreement with Technical & Optical for the future development and distribution of other consumer products. The British company said trade handled by the joint venture could be worth up to £75m a year within three years.

Mr Chris Davies, a Parkfield director, said "a major High Street retailer" had been so impressed by the machine that it had agreed to take the whole of the first year's shipments.

A further 25,000 machines were destined for export to Spain and Australia, he said, but the rest of the factory's output of 300,000 washers a year would be sold inside the Soviet Union.

Priced at around £280, the appliances were described as "highly sophisticated," and Mr Davies claimed they had more features than a Philips machine selling at £350.

He stressed that the Vjatka factory was not responsible for the production of the Snocap refrigerator, believed to be the only other Soviet appliance currently sold in the UK. Selling at less than £100, the Snocap sells at the bottom end of the market shunned by European manufacturers.

Mr Davies added that arrangements were being made with the retailer's service agents to attend to breakdowns and other problems. But he expected few bugs in the machines.

The rejection rate in the Soviet Union had been "very low," he added.

Gerasimov at a loss for words

By Quentin Peel

IT WAS the day Mr Gennady Gerasimov, the urbane and articulate Soviet spokesman, was lost for words. There he was, before the world's media, hot-foot from a first-hand briefing by Mr Mikhail Gorbachev on his Downing Street talks, and his excellent English failed him. But only in superlatives.

First, he allowed himself to be brow-beaten – by a French correspondent, it must be said – into delivering his news in English, not Russian.

"The negotiations which have just ended were very important and the atmosphere was extremely friendly," he declared. "We have a high regard for Britain, its role in Europe and the world. . . Our political dialogue is now on a higher level than it used to be.

"The talks were extremely. . ." And that is where the heckling started: "constructive," one called; "useful" came a lame effort from the back.

Gennady Ivanovich threw up his hands: "There are so many synonyms. Any positive adjective that you use, you can apply to the talks, to the personal relationship between the leaders, to the substance. You will have to say I am at a loss for words."

However, even in a foreign tongue he showed considerable agility, as well as a remarkable command of *bons mots*. It was a lesson to the foreign correspondents in Moscow, whombe is always urging to learn better Russian.

He dodged and weaved the journalistic missiles on Soviet sales of bombers to Libya, declaring that "the timing of this so-called news is very suspicious." But that was only the start.

His most substantial fears were aimed at the Bush Administration, which seemed to be taking such an unconscionably long time sorting out its foreign policy review. "We don't want this pause to become an interval," he declared.

He admitted there had been little narrowing of the gap between the two leaders, for all their warm relations, on the modernisation of short-range nuclear missiles. He said: "Modernisation is a misnomer, pure and simple. It's not modernisation at all. It's the creation of a new nuclear system."

They tried the KGB on him. Had Mrs Thatcher raised her fears about the activities of the Soviet security service in London, as the British press reported? "The press is misrepresenting her mood."

What of that even more sensitive question, Mr Gorbachev's rumoured invitation to the Queen to visit Moscow? "The subject was not raised today," he wriggled. But would it help perestroika if she came?

"The more distinguished foreign visitors come to Moscow, the better it is for our image," he admitted with disarming honesty.

So if Mr Gorbachev had not mentioned it to Mrs Thatcher, was that a deliberate way to prevent her vetoing the plan before the invitation was formally put to the Queen today? "We are not that smart," came the swift reply. Sometimes, one has to wonder.

UK ELECTRONICS INDUSTRY

The chief executives of Britain's GEC and West Germany's Siemens reply to the comments by Sir John Clark, chairman of Plessey, in the FT of March 30 1989

The importance of critical mass

The GEC and Siemens proposals to acquire Plessey anticipate dramatic changes in the international electronics industry, the first signs of which are already becoming apparent.

At the root of these changes, driven by the accelerating pace of technological advances and increasing international competition, is the enormous increase in research and development expenditure which is required to develop a new generation of electronic systems, together with a growing need for substantial investment in new manufacturing technologies and equipment. To amortise these costs, increasingly larger production and sales volumes are required.

These fundamental changes have already led to the emergence of a small number of large global competitors with strong home bases in one or other of the three "Triad" markets: North America, Japan and Europe. Large global market shares offer substantial strategic advantages. To secure them, even the most established multinational companies have recognised the need to join forces through mergers or joint ventures if they are to remain world players.

Obviously there are companies operating in sectors of the industry with different competitive forces, which favour small, flexible competitors over larger ones. However, the vast majority of Plessey's businesses are exposed to the global trends outlined above and will require scale to stay viable.

Let us look in more detail at the strategic advantages of our proposals to all three of our companies, taking telecommunications and semiconductors as the main examples.

● Telecommunications. The capabilities of telecommunications networks are growing at an astonishing pace, as service providers recognise the vital importance of state-of-the-art technology. To survive in the business it is necessary to meet these demands at a competitive price – or someone else will.

Huge resources are necessary to develop these new systems. Whereas the development of a traditional electromechanical public switch cost about $100m, the development cost of one of the digital switches in current use is about $1bn. Future systems are expected to cost up to $2bn. Innovation in this field has become extremely expensive.

Few companies have a large enough volume to pay for such development costs. The North American market, which represents roughly 35 per cent of the world market, is basically served by only two suppliers, whereas eight digital systems were developed in the smaller European market. For the next generation, probably only the top half dozen companies in the world will have sufficient volume and access to world markets to be independently viable.

As a result, competitors are joining forces to stay in this global race. A co-operation between GEC Plessey Telecommunications (GPT) and Siemens would benefit both parties. A joint development of the next generation of switches will reduce costs for both. Combined, we will have access to a larger number of experienced engineers – our scarcest resource. Both companies are European and Siemens, which is already selling public telecommunications systems in 85 countries, is providing a strong sales base as one of the largest players worldwide.

● Semiconductors. Integrated circuits (ICs) are the building blocks for all electronic systems. The rapid functional advances in ICs directly determine advances in system performance and cost. Early access to state-of-the-art semiconductors is therefore critical for systems manufacturers.

Today the IC market is dominated by large, vertically-integrated Japanese companies. They control about 90 per cent of the supply of memory chips (D-Rams) compared to European producers' 3 per cent and they regard the IC business both as a cash generator and a strategic weapon of control over chip technology.

This increasingly places them in the driving seat in penetrating markets for value-added products incorporating ICs. The days when they were prepared just to sell their technology are past. These vertically-integrated companies have access to leading-edge ICs before those components are made available on the open market. European systems producers would be severely disadvantaged in the absence of equivalent powerful European IC suppliers.

● Karlheinz Kaske, chief executive of Siemens

Lord Weinstock, managing director of GEC ●

In order to stay competitive long term in microelectronics it is vital to have critical mass. Rising R&D costs and steep learning curves favour larger competitors. As a result, large companies have a steadily increasing share of the world market. The recent co-operation between Hitachi and Texas Instruments shows that even larger producers are looking for ways to share the ever-rising costs.

Some smaller producers of applications specific ICs (Asics) have been able to stay competitive until now because in the past their larger Japanese and US competitors have chosen to focus on standard products. This is now changing and those same large companies are rapidly gaining market share in the Asic field. Their smaller competitors will be forced to spend ever larger sums on R&D and capital investment just to keep up and that will require substantial resources and a larger sales base.

Systems producers which do not have close ties with leading-edge semiconductor manufacturers are at a significant disadvantage. Siemens is one of the few companies in the world to have leading-edge processes. Co-operation between Siemens and Plessey would give the systems businesses of both companies access to a broader spectrum of ICs and the operations themselves would inevitably be more cost-effective.

● All three parties will benefit. We have already established that the markets in which we are operating are undergoing fundamental change and the old formulae for success are no longer valid. These changes pose both threats and opportunities. Future co-operation between GEC, Plessey and Siemens anticipates those changes and offers the best opportunity for all three companies to emerge as stronger competitors. Both GEC and Siemens have had successful experiences with similar co-operations – our common Osram joint venture being just one example. We are therefore convinced that all three parties will benefit greatly through co-operation on a European scale.

Karlheinz Kaske

The development planning of GEC operates in three time frames. There is always a current need to solve immediate problems and to keep the business at the highest possible level of competitive effectiveness. In the short term, the rapid response to challenges and opportunities, predictable or unpredictable, is an essential of good management.

The second time frame is symbolised by the year 1992, and the changes that are coming with a single European market. GEC's big negotiations of the past six months, with CGE Alsthom, Siemens and GE, have all been directed to ensuring that GEC, and Britain, are effective forces in European and world markets, able to compete with the larger industrial enterprises of Japan and the US.

The third time frame covers the period of the last years of the 20th century, from, say, 1995 onwards. By that time many existing technologies will have become obsolete. Even during the 1980s the loss of profit from the disappearance of declining electronic technologies has been a central feature of our markets. All electronic businesses have suffered from them, many more seriously than GEC.

When a technology has a limited life span, there are three ways of responding. One can sell it, and get out of that area of business altogether. One can mine it for what it is worth while it survives. Or one can plan to replace it with its successor technology. The first course is sometimes correct. The third course is the ideal one, provided it is realistic and action is taken in time. The second course is always the most dangerous, since it relies on profits which are not maintainable.

The GEC-Siemens bid for Plessey is concerned with the medium- and long-term future of the businesses concerned, and quite largely with the future of telecommunications. GEC and Plessey are already engaged in a joint venture telecommunications company, GPT, which amongst other things manufactures System X, a state-of-the-art electronic telecommunications switching system.

Plessey's recognition that its telecommunications business, which provides a substantial share of its total profits, could only be operated as a joint venture with GEC, disposes of the claim that Plessey can best go it alone, and contradicts its expressed view that joint ventures are an inherently impracticable way of organising large undertakings. Joint ventures may be, as this one was, the only way of developing the business, and the existence of GPT is an answer to that part of Plessey's case.

But in fact GPT as it stands is not the right answer either for 1992 or for the long view. It is an excellent company with excellent technology, but it does not enjoy a wide enough market spread around the world. Nor does it, alone, have a large enough turnover economically to sustain the development of the even more advanced systems which will be required by the year 2000.

Without a successor to System X, GPT has a limited life as a main competitor in public telephone exchanges. What is to follow System X and how it is to be paid for, are the critical questions for GPT, and for GEC's and Plessey's telecommunications policy.

No one at this stage can be sure what technological developments will occur in the next two decades; indeed they are already happening at an explosive rate. All sorts of institutions will be seeking to advance the electronics technologies involved, and we simply do not know who will be most successful in what product, or even in what area. Systems development is a highly skilled science, but the results it achieves are usually more predictable than in basic scientific research. A good team can probably produce a good system if they are given the resources, but they are obviously unlikely to provide a fundamental breakthrough.

Our estimates are that the R&D cost of a successor to System X will be not less than $1bn (£588m), and perhaps up to $2bn over the next ten years.

The capacity to spend on R&D in this game is largely determined by turnover, and turnover is determined by markets. GPT alone does not now have the markets of turnover to justify the spend necessary to develop the successor to System X. GPT and Siemens together do, although even GPT and Siemens, operating a joint systems development programme, will be smaller than the larger Japanese and American telecommunications businesses.

The GEC/Siemens deal does therefore move towards an adequate British response to the opportunities of the European market in 1992. More importantly the agreement to work together on the next stage of electronic communications systems means that GPT – and therefore a large part of the British telecommunications manufacturing industry – has a good prospect of life beyond the year 2000. The alternative is merely to mine present-day plant and technology for short-term profits. A substantial part of the British industry will then be dead, apart from relatively minor product areas.

These considerations apply not only to telecommunications, but to other areas involving sophisticated technology, perhaps particularly electronic components.

No one thinks that large size answers all problems; there are diseconomies as well as economies of scale. GEC operates as a devolved management company because we are conscious of that.

But one must contrast the British and the world perception. The British view has been that GEC is too big. The world perception is that GEC is not big enough. In advanced technology, the logic runs: markets, turnover, operating profit, research and development, future products. Specialisation is a part of that process, but the minimum scale for effective survival is always rising. A niche can easily become a tomb.

In GEC we are determined to see that Britain has an effective and profitable electrical and electronics engineering industry in the next century. We cannot expect alone to be able to participate in every market for electronics products, and we therefore seek strong partners, particularly in Europe. But we have to make sure, in each relevant technology, that the logic points to effective industrial development in the Europe of 1992 and beyond. It will be a bad job if British industry fails in that.

Arnold Weinstock

UK NEWS

Cheaper, simpler system planned

Lord Chancellor unveils shake-up of civil justice

By Raymond Hughes, Law Courts Correspondent

LORD MACKAY, the Lord Chancellor, yesterday announced a radical five-year plan to speed up, simplify and cut the cost of civil justice in England and Wales.

The phased plan, which is the Government's response to the Civil Justice Review Body's report published last June, will result in the most far-reaching changes in the civil courts and the administration of justice this century.

It will involve a major redistribution of civil cases between the High Court and County Courts, with the High Court being largely reserved for judicial reviews and other cases either of a specialist nature or of unusual substance, importance or difficulty.

Lord Mackay said yesterday: "The planned changes are part of the Government's overall strategy for securing a better service to the public from lawyers and the courts."

He also said that the proposals in his controversial discussion documents (Green Papers) on the legal profession would constitute another part of the strategy.

The Green Papers are to be debated in the House of Lords today. The proposals include the introduction of new qualifications for advocacy in the higher courts, where the right of audience has hitherto been reserved to barristers.

Personal injury cases involving relatively small damages – an area where, at the moment, delays and costs can be disproportionate to the amount claimed – will be the first to benefit from the plan. They account for a large proportion of cases at present tried in the High Court.

The Government has not yet decided on the financial criterion for allocating cases between the courts. The review body suggested that cases involving more than £50,000 should be tried in the High Court and those involving £25,000 or less in the County Courts, with cases falling between those two levels able to be sent to either court depending on judge availability.

Lord Mackay's announcement was welcomed by the Law Society, the representative body of solicitors in England and Wales. *It said it* was particularly pleased that there was to be a substantial increase in the scope of cases that could be heard by county courts.

However, Mr Andrew Lockley, the Society's director of legal practice, warned that unless significant additional resources were allocated to the county courts, existing delays and inefficiencies were likely to worsen as a result of the additional work.

"The Government's move must not be an excuse for yet another cost-cutting measure in the legal system," Mr Lockley said.

The civil justice review was launched in February 1985, by Lord Hailsham, Lord Chancellor at the time.

The review body, which issued reports on the various parts of its brief over the following three years, was chaired by Sir Maurice Hodgson, former chairman of ICI, Britain's biggest chemical company, and British Home Stores, the retail chain store.

Expansion programme launched by Inmos

By Terry Dodsworth, Industrial Editor

INMOS, the UK semiconductor company recently acquired by the pan-European SGS-Thomson group, is launching an ambitious expansion plan within days of the final signing of the takeover deal.

The programme will involve the recruitment of 100 electronics design and engineering specialists over the next few months. Over the longer term it will mean investment in new facilities to upgrade the company's chip manufacturing lines at Newport in South Wales.

Detailing the expansion plans in London yesterday, Mr Pasquale Pistorio, chief executive of SGS-Thomson, said that the future of the Newport site was assured.

"The SGS-Thomson group will bring the necessary financial resources and marketing presence to guarantee Inmos's position in the worldwide market," he said.

"Finance will not be the limiting factor in the company's future."

Inmos, founded with the help of UK Government funds in 1978, has had a troubled financial history despite its pioneering development of the transputer, a revolutionary type of microprocessor.

The company was acquired five years ago by the Thorn EMI group, and has recently moved into profit after extensive rationalisation.

Thorn is maintaining an interest in the semiconductor business through a 10 per cent stake in SGS-Thomson. Its future commitment, however, is limited by an agreement which allows it to opt out of further capital contributions under certain circumstances.

Mr Pistorio said yesterday that although the group intended to fund its expansion largely through its internally-generated cash, it would be calling on its shareholders for further finance from time to time. It has recently received a $100m capital injection from its original parents, the Thomson-CSF group in France and IRI Finmeccanica in Italy.

He emphasised that the future of Inmos would be reinforced by the rapid launch of new products. Inmos, he added, would maintain a separate identity within the larger group, manufacturing and developing its own products. But the sales operations of the two organisations would be integrated to achieve economies and give the UK company additional marketing presence.

Bank still uncertain about high interest rate policy

By Simon Holberton, Economics Staff

THE BANK of England is still not convinced that the British economy has responded to high interest rates and begun to slow down, Mr Robin Leigh-Pemberton, the Bank's Governor, said yesterday.

He told the House of Commons Treasury Committee that in spite of a slowing in the growth of M0, a measure of money supply consisting mostly of notes and coins, "the jury was still out" on whether current monetary policy was working.

Mr Leigh-Pemberton said the effects of the tightening in monetary policy were being felt unevenly throughout the UK. House price rises had slowed in the south-east of England but they were still rising in the north and Scotland.

The Governor's view was supported by Mr John Flemming, an executive director of the Bank and its chief economist, who told the all-party Committee: "The evidence of a slowing in domestic demand is itself slightly precarious".

Mr Leigh-Pemberton indicated, however, that he thought the current policy would work. The Bank expected growth of domestic demand to moderate, as forecast in the Budget.

The savings ratio in the UK would improve as a consequence of lower borrowing and the trade deficit would also become smaller as softer demand led to lower imports.

Mr Flemming said the Bank's forecast for the UK current account deficit in 1989 was closer to the Treasury's £14.5bn forecast than the International Monetary Fund's estimate of £17bn.

Mr Leigh-Pemberton endorsed the use of a strong pound to bear down on inflation. He said a strong currency would make it difficult for industry to raise prices in order to make pay awards. He was not critical of companies paying their employees more if there had been strong gains in productivity.

However, the Governor said that the level of the exchange rate was not the object of policy but a consequence of it. In so doing he underlined the essentially pragmatic nature of UK monetary policy.

"We are not running primarily an exchange rate policy but one based on a monetary policy necessary for the present domestic conjuncture. If the pound is strong, so much the better," he said.

The Governor said that each of the major industrialised countries in the Group of Seven shared a concern about resurgent inflation and had acted to choke it off. Taking the G7 as a whole, he thought the recent rises in G7 interest rates would probably be sufficient to restrain inflation.

UN document row rekindled

By Tom Lynch

THE ROW over a United Nations document used on Tuesday by Mrs Margaret Thatcher, the Prime Minister, to support an attack on Swapo, the Namibian nationalist guerilla movement, continued in the House of Commons yesterday.

She had cited a report from Mr Javier Perez de Cuellar, the UN Secretary General, to the UN Security Council, among documents justifying laying the blame on Swapo for the recent clashes with South African forces. South Africa has threatened to call off co-operation with the UN-supervised transition to Namibian independence.

She had told MPs the documents were "public knowledge" and available in the Commons library.

On Wednesday, Mr John Wakeham, the Leader of the House, apologised to the Commons, stating that Mrs Thatcher had been mistaken in her assertion that the documents were in the library, but that steps were being taken to place them there.

Yesterday, Mr George Robertson (Labour) protested that the report was not in the library, and would not be put there because it had been classified as confidential.

Mr Wakeham said other relevant documents had been placed in the library, but Mr Perez de Cuellar had asked that his report "be kept confidential for the time being".

He prompted angry Labour protests when he accused Mr Robertson of abusing points of order to raise the matter on Wednesday, a charge he withdrew when it was ruled that Mr Robertson had not been out of order.

Abolition of dock scheme may prompt union strike ballot

By Charles Leadbeater and Philip Stephens

DOCKERS' leaders are expected to meet today to consider calling a national strike ballot following a Government announcement yesterday of plans to abolish the National Dock Labour Scheme.

The scheme regulates employment conditions at 40 major British ports which handle 70 per cent of the country's overseas trade. It ensures that manning levels in the ports covered can be reduced only through voluntary redundancy. Dockers laid off have to be found alternative employment.

The Transport and General Worker's Union, the main dockers' union, decided in December it would ballot the 9,400 scheme dockers on strike action if the scheme was threatened, and ministers have not discounted the possibility of industrial action in the scheme ports.

Mr Nigel Lawson, the Chancellor of the Exchequer, was said by a ministerial colleague yesterday to be concerned that any prolonged action could provoke speculation against sterling, threatening a further rise in inflation and interest rates.

However, ministers believe it is unlikely the TGWU would be able to mount a strike to compare with the national stoppages of 1972 and 1975 which affected large parts of the economy. Dockers split during the last threatened national dock strike in 1984.

The TGWU said Mr John Connolly, its national docks official, would consult the union's National Docks Committee today.

Mr Ron Todd, the union's general secretary, said the union had a long standing policy to protect the scheme and prevent a return to unregulated, casualised employment in the docks.

The Government revealed its intentions in a White Paper (draft legislation) published yesterday which will be followed by the publication of a Bill today. This is expected to become law in July, when the abolition will take effect.

The White Paper blames the scheme for restrictive practices which it says have raised prices, cut output and reduced employment at the ports covered. The ports' ability to compete for a share of the expansion of trade likely to be created by the 1992 single European Community market programme would be seriously hit by the scheme's continuation, it argues.

The bill will abolish the joint employer/union National Dock Labour Board and its 20 local boards, which administer the scheme.

The announcement, made by Mr Norman Fowler, Employment Secretary, follows increasing pressure from Conservative backbenchers for the scheme's abolition. The abolitionists threated to force the issue in the next session of parliament.

The move was described as an act of "wilful sabotage" by Mr Michael Meacher, Labour's employment spokesman. However, it is thought the Mr Neil Kinnock the Labour leader would be unhappy at the prospect of the TGWU, the party's largest and most controversial affiliate, launching a national strike during a crucial phase in the party's review of policy for the next general election. Ministers believe a strike would have little public support.

Consumer group attacks barristers' campaign

By David Churchill

THE BAR Council's campaign against the Government's plans to reform the legal system in England and Wales was sharply criticised yesterday by the Consumers' Association.

Its comments came on the eve of today's House of Lords debate on the discussion document outlining the reform plans.

It described the council's suggestion – made in a £300,000 advertising campaign – that the reforms would reduce consumer choice as "preposterous."

"The shake-up will smash one of the last great restrictive practices and, for the first time, give consumers – not their lawyers – the right to choose which legal service offers the best deal," the association says.

It also believed that legal services should be treated no differently from other services. "But at present they're fudged by constraints which restrict consumer choice."

March record for car sales

By Kevin Done, Motor Industry Correspondent

NEW CAR sales in the UK jumped by 5.73 per cent in March to 221,155, a record for the month, allaying earlier industry fears that demand would weaken this year after years of record sales.

In the first quarter new car sales were 7.93 per cent higher than a year ago at 631,202, and motor industry analysts have begun to revise upwards previous forecasts.

Mr Chris Avery, automotive analyst at Citicorp Scrimgeour Vickers, the stockbroker, said yesterday that it was now "very unlikely" that new car sales in 1989 would fall below last year's record level of 2.216m.

Company car purchases, which account for more than half of the UK car market, were not expected to weaken, and private car purchases would have to fall by more than 14 per cent in the remainder of the year, if the total market were to decline below last year's level, he said.

The share of imported cars, which helped fuel last year's record £6.1bn motor industry trade deficit, remains high and accounted for 55.39 per cent of new car sales in the first quarter compared with 54.41 per cent a year ago. In March alone importers captured 54.74 per cent of the market compared with 54.99 per cent in March last year.

Rover Group, the subsidiary of British Aerospace, has suffered a sharp decline in market share in the first three months of the year to only 13.7 per cent from 15.4 per cent a year ago.

Its sales volume has dropped by 3.8 per cent to 86,661 in the first quarter in contrast to the jump of 7.9 per cent in the overall market, and it has slipped into third place behind Vauxhall, the UK subsidiary of General Motors of the US.

Ford, the dominant UK market leader, has been one of the main winners in the first quarter. It is recovering from its weak performance last year when production was hit by a two-week strike, and has increased its sales volume by 15.8 per cent in the first three months of the year to 174,782.

It will receive a fresh boost later this month with the official launch of its new generation Fiesta small car. Ford's market share in the first quarter jumped to 27.69 per cent from only 25.8 per cent a year ago.

UK CAR REGISTRATIONS

	March 1989	%	1988	%	Year to date 1989	%	1988	%
Total market	22155	100.00	209178	100.00	631202	100.00	584832	100.00
UK produced	100.093	45.26	94199	45.01	281,806	44.81	260630	45.59
Imports	121062	54.74	115029	54.99	349596	55.39	318202	54.41
Ford	63530	28.73	49744	23.78	174782	27.69	150898	25.80
Rover group	29809	13.48	32235	15.41	86661	13.73	90114	15.41
Vauxhall/Opel	33076	14.96	32741	15.65	94544	14.98	91915	15.72
Peugeot/Citroen	20269	9.16	19226	9.19	59338	9.40	47778	8.17
Audi/VW/Seat	13187	5.97	11265	5.39	40183	6.44	32351	5.53
Nissan	14500	6.56	11879	5.68	36247	5.74	29258	5.00
Renault	6160	2.79	8856	4.23	22127	3.51	25795	4.41
Volvo	8078	3.65	8598	4.11	22232	3.32	21968	3.76
Fiat/Alfa/Lancia	7417	3.35	8583	4.09	21488	3.37	22072	3.78

Source: Society of Motor Manufacturers and traders

Road repairs spending to rise sharply

By Andrew Taylor, Construction Correspondent

SPENDING on repairs to Britain's motorways and trunk roads is planned to rise by more than two thirds to £240m over the next 12 months the Transport Department announced yesterday.

Spending on bridge maintenance is to rise from £30m to £101m.

Last year £135m was spent on motorway and trunk road repairs instead of £177m as originally proposed. The shortfall was because of funds earmarked for repairs being switched to new construction work after increases in contractors' tender prices.

The transport department had originally proposed to spend £52m on bridge maintenance last year.

A transport department survey this week said the condition of roads in England and Wales, was worse than 12 years ago, despite a small improvement last year.

Civil engineering consultants in a report to the department have also warned about the deteriorating state of Britain's road bridges.

The department said increased spending on repairs reflected several major repair jobs in this year's programme as well as its determination to eliminate the roads maintenance backlog by 1992-93.

Mr Peter Bottomley minister for roads said the amount of work which could be done would depend upon contractors' prices. About 15 per cent of the maintenance budget would be held back until later in the year in case prices rose sharply.

Thames agrees water deal with Portals

By John Ridding

THAMES WATER, the largest regional water authority, has agreed to purchase the loss-making water treatment business of Portals Holdings in what is believed to be the first purchase of assets of a listed company by one of the 10 water authorities.

Mr Mike Hoffman, Thames Water's chief executive, said that the move was a strategic step and reflected the authority's desire to expand its business base ahead of the privatisation of the regional water authorities.

The deal, which has a total possible cost of £33.9m, is conditional on a successful flotation.

Despite political problems in recent months concerning the privatisation process Mr Hoffman thought that Thames Water's listing would be achieved on schedule.

In the meantime, Thames, and Portals' water treatment division will co-operate in the marketing of their products, services and technology.

The business being purchased, which does not include Houseman, supplier of water treatment chemicals, comprises 18 companies operating around the world.

Its activities include design contracting for the drinking and industrial water treatment markets and the design and supply of products such as softeners and chlorinators.

In the year to 1988, Portals' water unit, excluding Houseman, made losses of £1.1m. This was largely the result of £2m losses at its Permutit subsidiary in Australia. The division returned to profit in the second half.

Delay in rail crash response prompts inquiry

By Kevin Brown, Transport Correspondent

BRITISH Rail launched an internal inquiry last night after admitting that staff failed to alert emergency services for nearly 20 minutes after a train was derailed in south-west London.

The accident happened when the first three coaches of the 10.36am train from London's Waterloo station to Southampton on the south coast was derailed at 10.52 at a junction near Wimbledon.

The ambulance service said that it was unaware of the accident until 11.14am when it was alerted by calls from journalists. The Fire Brigade said it was asked to attend the scene at 11.26am, but only after it had reached British rail after press inquiries.

BR said none of the 100 passengers on board the train was injured when it was derailed after crossing a faulty junction at low speed.

"It would appear there was a delay in calling the emergency services. The staff on site were aware that no injuries were involved, but the emergency services should have been called," the corporation said.

The Ambulance Service said it implemented its major accident plan as soon as it learnt of the accident, and a number of ambulances and supporting officers were despatched to the scene.

"The accident could have shaken people up, thrown them across the carriage – whiplash injury is very common in rail accidents," an ambulance official said.

"I understand people went to Wimbledon BR station and were treated by staff. "By the time we got there many had dispersed. They could have suffered shock, and our advice if people start feeling its effects later today or tomorrow is to see their GP."

The ambulance service said it had written to Sir Robert Reid, chairman of BR, asking for an explanation of "the catastrophe that could have been."

BR said the junction was under manual control from a signal box because of technical work being carried out on the automatic signalling system in the area.

The accident would probably not have happened if the automatic signalling system had been working because it would have identified the faulty component in the junction which caused the derailment, BR said.

The accident occurred while two separate public inquiries were sitting in London into rail crashes at Clapham in south London, where 34 people were killed, and at Purley, also in south London, where five died.

The Purley inquiry was told that BR hopes to introduce aircraft-style "black box" recorders in 1991-92 to help identify the causes of future accidents.

Homebuyers 'severely hit by loan rates rise'

By Ralph Atkins, Economics Staff

AN AVERAGE British family which has bought a property recently would have needed an income rise of nearly 20 per cent in the last 12 months to maintain a constant standard of living, according to a report today.

The survey, by The Reward Group, the pay and cost of living advice company, highlights the impact of the steep rise in mortgage rates since last summer. Sharp rises in house prices last year have also pushed costs higher, it says.

If housing costs are excluded, prices of goods and services are shown as rising by 5.5 per cent in the past 12 months, roughly in line with estimates by Mr Nigel Lawson, the Chancellor of the Exchequer, in his budget speech last month.

However, housing costs for private owners buying new houses have risen by 62.5 per cent in the last 12 months and 33.1 per cent in the last six months alone. For tenants of properties owned by local councils, the average increase in the last 12 months was only 6.7 per cent.

This means that for householders which bought houses, incomes have needed to rise by 19.1 per cent in the last 12 months to maintain living standards.

Latest figures published by the Department of Employment showed that average earnings were rising at an underlying annual rate of 9 per cent in January.

The survey shows that the biggest increases in incomes needed to maintain living standards were in the east Midlands and East Anglia, followed by the South West.

The smallest increases were needed in Northern Ireland, Scotland and northern England.

UK Regional cost of living report. The Reward Group, Reward House, Diamond Way, Stone Business Park, Stone, Staffordshire ST15 0SD.

Statistics shake-up raises City concern

By Simon Holberton, Economics Staff

LEADING City of London economists yesterday voiced concern over the independence of the Central Statistical Office when it is transferred to the Treasure from the Cabinet Office.

The change of ministerial authority for the office was signalled on Wednesday when the Prime Minister announced a shake-up in the collection of economic data.

Among the changes outlined is the controversial decision to transfer ministerial responsibility for the CSO from the Prime Minister to the Chancellor of the Exchequer.

Mr Bill Martin, chief UK economist at UBS Phillips & Drew, said, however, that there was now a need for an independent watchdog to protect the interests of non-Treasury users of economic data. A CSO working for a monopolistic Treasury may not be in other users' interests, he said.

Such a watchdog could be headed by Mr Terence Higgins, chairman of of the House of Commons Treasury Committee, and consist of other eminent figures representing non-Treasury users of UK economic data to ensure the CSO independence. It could receive and assess complaints made against the CSO.

Mr Richard Jeffrey, economist at Hoare Govett Security Pacific, said: "Politicians being politicians will want to use statistics for political ends and the door is now open for that to happen."

Mr Stephen Bell, economist at Morgan Grenfell, said, however: "I think the concern about political manipulation of economic figures is overdone."

Mr Bell, a former Treasury official, said that when he worked at the Treasury monthly money supply figures were politically sensitive and could often lead to rises in interest rates.

There was, however, no hint that Treasury ministers would have ever sought to manipulate those figures. He said that if such an operation occured and it became public then the political consequences would be extremely damaging for the Government of the day.

Mr Jack Hibbert, CSO director, said the document setting out the aims and responsibilities of the CSO as an executive agency should provide a statement of its independence.

In July the CSO will merge with the Trade Department's Business Statistics Office and take responsibility for the trade figures, the retail prices index, and other data.

UK set for hard landing says P & D

By Ralph Atkins, Economics Staff

THE UK economy is heading for a "hard landing" with sluggish growth and persistent inflation, says a report today by UBS Phillips & Drew, the securities house.

Britain is "drifting into a period of stagflation," the report says. The economy is expected to grow by only 1.4 per cent in 1990 while inflation gets stuck at 6 per cent.

Its forecast is among the first from London analysts to explicitly counter Treasury predictions of a soft-landing for the economy with moderate growth and falling inflation.

Mr Bill Martin, chief UK economist at Phillips & Drew, says that since the Second World War, periods of strong growth, such as between 1987 and 1988, have been followed by long periods of sluggish growth.

He says: "Despite Britain's supply-side improvements, there is no compelling reason why the economy should escape the stop-go syndrome this time around."

The report says the large current account deficit will constrain growth. Cutting the deficit to a more reasonable size will require several years of weak domestic demand growth.

Armaments group cuts more jobs

By David White, Defence Correspondent

ROYAL ORDNANCE, the armaments business sold by the Government to British Aerospace two years ago, is to cut a further 250 jobs under plans announced yesterday for reorganising its rocket motors division.

The cut will affect more than half the company's workforce at Westcott, near Aylesbury, north west of London. However, Royal Ordnance said 80 jobs would be created at its other rocket motor site at Summerfield, near Kidderminster, in the West Midlands, where parts of the Westcott plant's activities are being transferred.

The company at present employs 440 people at Westcott and 550 at Summerfield.

Mr Jack Dromey, national secretary of the Transport and General Workers' Union, said he was relieved that Westcott was not being closed. But he expressed concern about the plant's future viability. "This could be a step on the way to closure," he said.

Unlike earlier rationalisation moves in other divisions, the plans do not involve the sale of real estate. Closures either carried out or planned at Enfield in north London, Waltham Abbey in Essex and Patricoft near Manchester, with a combined workforce of 3,200, have fuelled allegations of asset-stripping by the British Aerospace group.

The National Audit Office is preparing a report on the £190m sale of Royal Ordnance.

The rocket motor reorganisation keeps both sites but splits their sphere of operation, with Summerfield taking responsibility for solid propellant motors, including research,and Westcott for liquid fuel motors.

Some activities are to be moved to Summerfield from the research and development centre at Waltham Abbey, scheduled for closure this year with the loss of 800 jobs.

The company said its plan took into account a squeeze on research funding from the Ministry of Defence. It declined to comment on the cost of the reorganisation, but said the new structure would "facilitate future investment." It would start talks with unions on how to implement the plan, and it would try to offer alternative jobs at other sites.

The cuts are the first since Royal Ordnance announced a concentration of ammunition production six months ago.

Last month, it said it was considering a reprieve for 400 of the 1,100 jobs at its Bishopton ammunition and propellant factory near Glasgow.

Credit industry warned over tone of advertising

By David Barchard

THE CONSUMER CREDIT industry yesterday received a warning from Mr Peter Lilley, Economic Secretary to the Treasury, about its advertising practices.

"If the credit industry is concerned about its public image it should reflect the prudence of its practice in the tone of its marketing," said Mr Lilley, speaking to a meeting of the Finance Houses Association.

Mr Lilley said that although credit companies had a vested interest in being responsible lenders, this was not always the public perception of them.

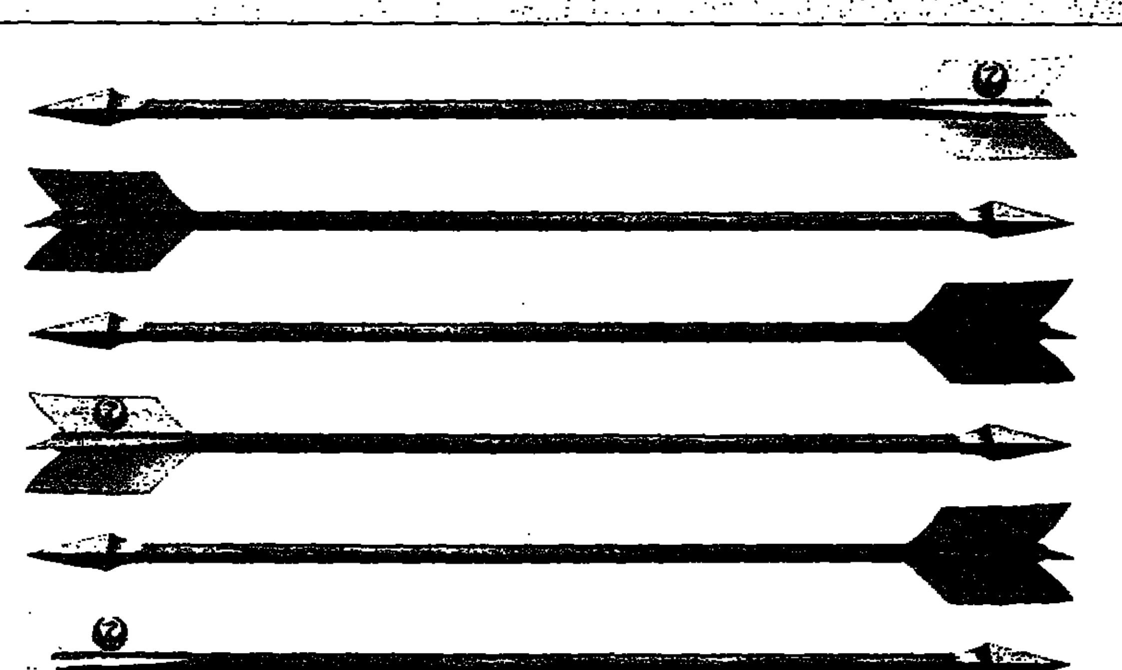
"The industry has only some of its own members to blame." Mr Lilley said. "Their advertising material, or some of it, conveys the impression that limitless sums are being pressed on all and sundry."

He said that it was understandable for people to be alarmed when they received unsolicited mail of this kind from the institution holding their savings.

However, Mr Lilley said that problems with consumer debt should be kept in perspective. Consumer credit was only just over 15 per cent of total household debt and credit card purchases were less than 6 per cent of total retail spending.

He said that the Government supported the use of credit reference agencies and that lenders had a duty to check out the creditworthiness of borrowers.

Checks on creditworthiness were the main reason that bad debts and arrears were falling, and most debt arrears were now caused by unforeseeable personal difficulties such as divorce, job loss and sickness.



Faded star of UK electronics works on rescue formula

James Buxton examines management efforts to find a recovery path for Rodime, the ailing maker of computer disk drives which finds itself in trouble after years of rapid growth

A COMPANY which was once hailed as a rare bright spot in the UK electronics industry is now fighting for its life.

This week new senior management was appointed at Rodime, a significant worldwide maker of computer disk drives, which is based at Glenrothes in Fife, Scotland. A few days earlier it announced heavy losses and admitted that it was perilously close to insolvency.

Now Rodime's new chairman and new managing director, both from the US, are attempting, with the Bank of Scotland and Noble Grossart, the Edinburgh merchant bank, to work out a way of saving the company. The options include raising new finance but Rodime has also said it is considering the sale of some of its assets, subsidiaries, and even the company itself.

Rodime was founded in 1980 by three Scots and an American, Dr Leonard Brownlow, who spun out of the Glenrothes plant of Burroughs (now Unisys) to make their own hard disk drives, one of the main memory stores of a computer. The company achieved rapid success with its 5¼ inch disk drives, which were smaller and faster than their rivals, and in 1983 they introduced the world's first 3½ inch disk drive, the size which is becoming the industry standard thanks to its adoption in 1987 by International Business Machines.

The company grew rapidly until 1985, when it achieved record pre-tax profits of £14.8m on sales of £75.9m. It had added a second plant to Glenrothes at Boca Raton in Florida to get closer to its customers – the big computer manufacturers. But then things began to go wrong.

Rodime believed its current product range still had a lot of life in it and so postponed designing new lines. It was also slow in joining the exodus of data processing equipment makers from Europe and the US to the low-cost production bases in the Far East. It did not get its plant in Singapore operating until August 1987.

The mistakes Rodime made have been attributed to its failure to expand its management team much beyond the small group that founded the company, and thus to make the transition from a vigourous start-up to a mass manufacturer.

It maintained its Scottish base even though many of its investors, apart from the founders and Investors in Industry (3i) who between them hold 40 per cent of the equity, are American – the company having been floated on Nasdaq, the over-the-counter market in New York. (It is also quoted in London but gives its results in dollars.)

By early last year Rodime was hoping that it had put its difficulties behind it – difficulties which had included heavy stock write-offs, contributing to an after-tax loss of $18.5m in 1987. Its new product range was coming into production and being accepted by big customers.

However, in reality Rodime was confronting what proved be a very difficult market for all disk drive makers from a weak financial base and with its production systems still inadequate.

It had to continue expanding its Singapore operation at a time when oversupply in the market enabled its customers to beat down prices: so that Rodime was having to agree to long- term prices that could only be economic with high volumes – before it could produce the high volumes. As pressure on margins mounted Rodime had to write down the value of its stock by $9.2m. The year to September 30 1988 ended with a loss of $24m on sales that were up only 3 per cent at $115.6m.

Mr Jerry Atterbury, of the California analyst Dataquest, says: "The whole industry had a tough time in 1988 because of overcapacity. In the volume end of the market companies expected to sell $17bn worth of product but in reality sold only $14bn. The rest went into inventory." Leaders of the US-dominated industry such as Seagate and Miniscribe plunged into loss.

Although Rodime's sales continued to rise in the last quarter of calendar 1988 the company was still selling below cost and lost $2.5m. In the early part of this year the crisis built up: production was held up because of component shortages, which Rodime admits were partly due to suppliers withholding supplies "pending assurance as to payment."

Having failed to put together a long-heralded $20m financial package the company's short-term borrowings soared to $23.9m in late February as it reached the limit of its overdraft facility with the Bank of Scotland.

Last week Rodime, having postponed reporting its 1988 results to the last possible moment, put out a starkly depressing statement on its situation, in the detail required by the US (but not the British) regulatory authorities.

This week Dr Len Brownlow, chairman, and Mr Mervyn Brown, managing director, resigned. The board appointed two senior figures from the US data processing industry: Mr Tom Kamp, a former vice chairman of Control Data, has become chairman, and the British-born Mr Peter Bailey, also once with Control Data and a leading figure in the US venture capital industry, has become managing director.

The Bank of Scotland has given Rodime valuable breathing space by temporarily increasing Rodime's overdraft and has brought in Noble Grossart to assess the financial possibilities. The fact that the rescue attempt is Edinburgh-based is partly the result of Bank of Scotland's crucial role as lender, and partly because Rodime is still a Scottish-based company. In spite of its far-flung operations and the fact that marketing is run from Florida, Glenrothes remains the company's engineering centre.

"Every scenario being considered for the future of the company envisages Glenrothes remaining the technical centre," said a company official yesterday. "This is where the company's brainpower is."

However, neither the company nor its advisers wish to say much now about how they see Rodime emerging from its crisis. "We're looking at all the options for the company," says Mr Angus Grossart of Noble Grossart, which prides itself on only employing 20 people.

At Dataquest, Mr Atterbury says: "The rest of the disk drive industry is pulling out of the trough, though it will take until the second or third quarter till most companies get back to stable operation." As for Rodime, he says: "We'd expected them to start turning the business round with the excellent range of products they announced in November. They're a very innovative company."

There is one other important factor. Although Rodime has some potentially serious lawsuits against it, it also has claims against leading manufacturers, including IBM, for alleged infringement of its patents on its 3½ inch disk drive. Late last year the US Patent Office, after re-examining its patents, reissued them, prompting Rodime to allege infringements by about 20 companies. If those suits succeed, Rodime may be worth more than the $4.6m at which it is currently capitalised.

FT LAW REPORTS

Bank fails on damages claim for war zone loss

BANK OF NOVA SCOTIA v HELLENIC MUTUAL WAR RISK ASSOCIATES LTD
Court of Appeal (Lord Justice May, Lord Justice Ralph Gibson and Lord Justice Bingham): March 22 1989

THE INSURERS of a mortgaged vessel who contract with the lender to inform him if cover ceases, are not obliged to tell him that the vessel sailed into a prohibited area in breach of warranty under the insurance contract, until they have decided whether to exercise their right, arising from such breach, to reject the shipowner's claim for constructive total loss. And knowledge of possible fraud by the shipowner does not in itself impose on the insurers a contractually implied duty or duty in tort to inform the lender, if their obligation is confined by the contract and circumstances to giving notice that cover has ceased.

The Court of Appeal so held when allowing an appeal by the defendant mutual insurance club, the Hellenic Mutual War Risk Association Ltd, from Mr Justice Hobhouse's decision that it was liable for $2.6m damages for breach of contract to the plaintiff bank, the Bank of Nova Scotia.

LORD JUSTICE MAY, giving the judgment of the court, said that the club provided mutual war risk insurance to Greek shipowning interests. It insured various vessels of the Good Faith group.

The Nova Scotia bank financed the group's acquisition of a number of vessels, in particular the Good Luck. The insurance provided by the club was governed by its Rules. Rule 20 provided that the club had power to specify places as "additional premium areas".

If an insured ship failed to give prompt notice of entry to an additional premium area, the club was entitled to reject claims arising while it was in the area. Rule 25 provided that the club could impose prohibitions as to routes, and that every insurance should be deemed to contain a warranty by the shipowner that all such prohibitions would be acted on.

Under the loan agreements with the bank the primary security was a mortgage of the vessels, but the shipowner was left in possession as long as it did not default. It undertook to insure them at its own expense for an appropriate value against stipulated risks, which included war risks.

The documentation provided that the shipowner should not do anything which might lead to suspension of insurance and, particularly, should not permit the vessel to enter a war zone without prior notification to the insurers and the bank, and payment of additional premium.

The bank also took out mortgagee's interest insurances. In addition a letter of undertaking was given by the club to the bank. It was not a gratuitous accommodation of the bank by the club but was issued as a matter of business, ultimately in the club's own commercial interests. By this letter the club undertook to advise the bank promptly if it ceased to insure Good Luck. It was to pay any loss exceeding $30,000 to the bank.

In April 1982 the shipowner started to re-negotiate its bank loans. On April 7 1982 Good Luck proceeded to Bandar Khomeini, a prohibited war zone, and on June 6 was hit by Iraqi missiles. She was badly damaged and ultimately declared a constructive total loss.

The shipowner had not informed the club or the bank of Good Luck's final journey on June 6. It purported to send a telex to the club on Friday June 4, saying that the vessel had entered an additional premium area, and asking for cover accordingly.

In fact the telex was sent on the evening of June 6. Mr Justice Hobhouse held the shipowner had sent it fraudulently after it knew of the casualty. The club's agents were aware from the outset of the probability of fraud, at least with reference to the telex. They knew that because the vessel was in a prohibited zone the club would not be legally liable to meet the claim. They knew the shipowner would leave the bank in ignorance as to the state of the insurance.

Although the bank was in the process of negotiating the refinancing agreement with the shipowner, and became aware of the casualty, it did no more than cursorily investigate the position of the war risk cover.

The club agents told it they had received notice of claim from the shipowner which they were investigating in the usual way. The clear implication was that the claim was routine, only requiring checking before being accepted and paid, whereas the truth, as the agents well knew, was very different.

Against that background, the bank completed the refinancing agreement with the shipowner on July 9. In addition to rolling over existing loans, it permitted $2.6m to be drawn down for working capital. If one removed Good Luck from the available security no draw down for working capital would have been made.

On July 19 the shipowner, having given notice of abandonment to the club, confirmed the claim for constructive total loss. On August 4 the club rejected the claim on the ground that the ship was in a prohibited area, and was in an additional premium area without notification. On August 5 the club agents telexed the bank that the club would not pay any claims arising out of the incident.

Litigation ensued. Mr Justice Hobhouse held that had the bank been told by the agents that at the time of the casualty the vessel was in a prohibited area and was not covered for war risks, the question of including Good Luck in the security would have been handled differently.

The judge held that the club was in breach of its letter of undertaking. He rejected a claim based on duty of utmost good faith. He gave judgment for the bank against the club for $2.6m. The club appealed.

The first question was whether the club broke its contract with the bank, expressed in the letter of undertaking.

Until the decision to accept the claim had been ruled out by the club, it had not ceased to insure Good Luck. The effect of the shipowner's breach of warranty was the same as in the case of breach of express promissory warranty in the law of non-marine insurance – the policy was not automatically avoided by the breach, but ceased only if the insurers elected to repudiate liability.

The club committed no breach of the express terms of the letter of undertaking.

The judge concluded that a duty to speak on the part of the club arose by implied contractual term, and in tort. He held it was an implicit requirement of the contract that, if the club knew the owner was dishonestly jeopardising the insurance cover in fraud of the bank, or at least in breach of obligations without the bank's concurrence, it must tell. He said the implication was necessary in order not to render the contract valueless.

It had never been suggested that the club was party to the fraud or induced breach of contract by the owner. The law imposed no duty on a person to report fraudulent conduct to the victims merely because he had knowledge of it.

The club on making the contract with the bank remained free to prefer its own commercial advantage to that of anybody else. It was entitled not to offend the shipowner by terminating the insurance and notifying the bank, or giving notice to the bank without termination. It was immoral if a party to a commercial arrangement was willing, for his own advantage, to keep silent about such conduct. But immorality of conduct did not by itself provide a basis for implying a contractual term.

The necessity perceived by Mr Justice Hobhouse lay in his view that, without such a term, the relationship between the club and the bank would be destroyed and the contract contained in the letter of undertaking would become potentially valueless.

That was not correct.

The club was to hold the benefit of the insurance to the bank's order and to inform the bank if the club ceased to insure. Save to the extent expressly stated in the letter of undertaking, the relationship between club and bank did not - unless some term was implied - require the club to pass on any information about the owners' conduct.

The relationship between club and bank, so far as concerned legal obligation, functioned according to its terms. To imply the term proposed would make a new and different relationship.

As to whether there was a duty of care in tort, the law did not impose, by reason merely of knowledge of the existence of fraudulent conduct, a duty on any person to inform the victim of a current fraud so as to be liable in damages for failure to inform.

It was not unjust for the bank to be restricted to its contractual rights against the club. The club was under no duty to speak, in the circumstances of the case, either under any express or implied term of the letter of undertaking, or by any duty of utmost good faith in its relations with the bank.

The appeal was allowed.

For the club: Christopher Carr QC, John Gilman and Alan Griffiths (Holman Fenwick & Willan)

For the bank: Jonathan Mance QC, Julian Flaux and Stephen Kenny (Constant & Constant)

Rachel Davies
Barrister

Concluding a series on industry's response to environmental worries, **Robert Taylor** reports on the business opportunities created by Sweden's ecology-conscious consumers

Fertile territory for the rise of 'green' capitalism

Sweden has moved rapidly to the forefront of the green revolution which is sweeping through much of the western industrialised world.

Under the relentless pressure of an environmentally conscious public, the country's employers are being forced to take the pollution they create very seriously. There is a genuinely bipartisan attitude to environmental issues in Swedish politics, where the regulation and prohibition of dangerous substances and emissions enjoy wide support.

Opinion polls in Sweden have shown that for more than a year the environment has headed the list of public anxieties. Such sensitivity is not surprising in a country where half the population owns country cottages and nearly a quarter has boats. In 1988, deaths of seals around Sweden and the spread of choking algae in the waters off the country's west coast ensured that the environment became a big political issue in the autumn general election.

As a result, the Green party made a breakthrough and entered Parliament for the first time. This is likely to ensure that the national debate about the environment grows even more intense. Pressure groups, such as Greenpeace and the Svenska Naturskyddsforeningen (National Society for the Conservation of Nature), have been able to take the initiative in public campaigns to bring home the dire consequences of pollution.

For many Swedish companies, anxiety over pollution has meant rising production costs as they seek to comply with new legal constraints, as well as a mounting concern that they might fail to compete effectively in world markets against rivals making products in countries which are not so environmentally conscious. At the moment, there is widespread alarm in Swedish industry about the consequences of the planned closure of the country's nuclear power plants from 1993.

But all is not gloom for the companies. Indeed, Sweden is rapidly turning into one of the world's best examples of green capitalism. More and more employers have begun to realise that they can make a virtue of necessity, that there is an affluent and discriminating consumer market in Sweden in the mood to buy what are described as "environmentally friendly" products.

"It is only in the past couple of years that attitudes have really started to change in industry," says Anders Wijkman, who runs the pressure group Naturskyddsforeningen.

Lars Larsson, who heads the environment department at the Federation of Swedish Industries agrees: "Suddenly the environment has come into the market-place. We have regarded pollution in industry as a big issue since the end of the 1960s, but it is only now that people are reacting as consumers."

This trend has been accelerated by the lobbying of Wijkman's pressure group. Last year it published a consumers' guide to environmentally friendly products. The organisation has also had success in urging retail and wholesale chains to purchase and promote such goods. The ICA group, for example, has been especially active in its shops in selling green consumer items.

Now stores across the country are beginning to stock products designed to satisfy the demands of the green consumer. The widening range includes tinned pork without hormones, natural water without aluminium, batteries without mercury, and safer washing-up liquids, detergents, paints, cleansers and cosmetics.

Some of the most noticeable advances in environmentally friendly products have been made by Sweden's bigger companies with huge export markets.

Take Electrolux, for example. This winter the company has managed to remove half of the CFC content from the insulation in its freezers and refrigerators, through an investment of SKr 50m (£4.6m). "This is only our first step," says Lennart Sundun, a company spokesman. "We aim to remove all the Freon (a CFC) from their manufacture."

Electrolux has also taken steps to ensure that its range of dishwashers and washing machines use less water and detergent. "We have to respond to the changing demand and take a longer perspective," says Sundun.

Volvo, Sweden's biggest company, is taking a similar view. In January, Pehr Gyllenhammar, the chief executive, called a two-day conference of the company's senior management to discuss its attitude to pollution. As Sigge Hergren, head of Volvo's environmental division, points out, the company pioneered the use of catalytic converters in its cars in the North American market as long ago as the mid-1970s when Americans started to use lead-free petrol; it is only in the past two years that its cars for the Swedish market have been similarly produced.

By the early 1990s, Volvo intends to get rid of CFCs in the plastics and cooling systems of its cars in line with government legislation. The company also plans to introduce particle filters into its buses and trucks, which should reduce the health risks caused by hydrocarbon and nitric oxide emissions. Above all, as Gyllenhammar emphasises, it will be good for Volvo's reputation if it is seen to be taking the environment seriously.

But perhaps the most successful growth in environmentally friendly products has come in the paper and pulp industry, which has diversified into a wide range of consumer goods with obvious export potential. These items include coffee filters, bleach-free nappies, toilet paper, food packaging and handkerchiefs. It is virtually impossible to miss the industry's seal of environmental approval now stamped on many paper products in Sweden's shops.

However, as Nils Jirvall, head of the environmental department at the Swedish Pulp and Paper Association, admits, "our industry was forced into change by our customers last year." That was when the environmental pressure groups concentrated their attack on the vulnerable pulp industry and in particular on its use of chlorine in the bleaching process. Traces of dangerous dioxins were also found in factory discharges, adding to the controversy.

The resulting agitation proved to be highly effective. Consumer opinion was mobilised behind the campaign to compel the pulp companies to take action. What helped was the discovery of a chlorine and dioxin-free technique for producing pulp, pioneered by Svenska Cellulosa (SCA) and Nymolla, part of the Stora group. This was publicised by the green groups, and the huge, consumer-conscious public sector responded. Local government and health authorities began to bulk buy the new product and other companies have had to follow suit.

Over the next three years, the Swedish paper and pulp industry plans to invest up to SKr 4bn at the country's 15 bleached pulp mills to reduce chlorine emissions. These have already fallen from 8 kg per tonne of pulp to 3 kg, and the industry hopes to limit the figure to 1.5 kg by 1991.

But the pulp and paper industry in Sweden cannot afford to move out of line with what its overseas customers want. After all, it provided 45.5 per cent of the country's net export income, totalling SKr 54bn, last year. At the moment, it is having to produce an increasing number of bleach-free paper products for the home market, but bleached pulp and paper for overseas consumption.

However, the spread of the bleach-free nappy in the West over the past year suggests that Swedish companies, including SCA, Stora and Modo, may benefit from being pioneers of pollution-free products.

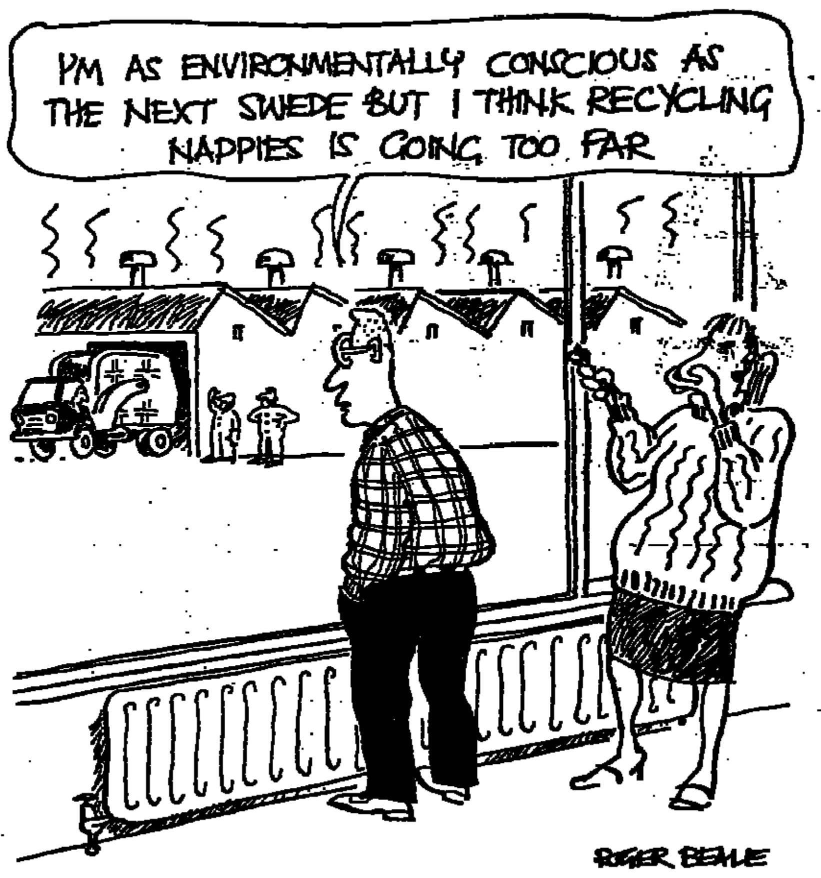
"We have the chance to take the initiative in industry," says Lars Larsson at the Federation of Swedish Industries. The organisation has launched a programme to convince its diverse range of company members that they should move into green production. But he hopes that the politicians will not interfere. "They say Sweden should be a good example to the rest of the world, but ecology must go hand in hand with what is economically sensible."

In fact, there looks like being a compromise, which should help to reconcile the country's employers with the green lobby. At the end of last year an all-party parliamentary inquiry recommended the creation of an independent voluntary agency made up of industry, unions, consumers and green groups. It will aim to establish recognised standards of environmental approval for products. This seal of approval will be displayed prominently on goods.

But if the pressures for environmentally friendly products threaten to hurt the country's economic prospects, especially in foreign markets, there may well be a limit to how far Swedish industry will go in its response.

For the time being, however, the business opportunities for green capitalism in Sweden suggest that technological change can be harnessed for the benefit of both the environment and the consumer.

Previous articles in the series appeared on March 6, 9, 10, 15, 17, 22 and 30.



Systems that help executives make informed decisions

Software designed for senior executives is an exclusive but rapidly growing segment of the computer market. Although worldwide sales of such software packages totalled only $30m four years ago, by 1992 the market is likely to grow to $230m, according to International Data Corporation, a market research organisation based in the US.

So far the highest demand for such packages has been in the US, where software to support executive decision making is used by companies as diverse as AT&T, Holiday Inns and Coca-Cola. However, executives in European corporations, such as Rolls Royce, Shell and ICI, have started to try them out.

Executive software is expensive, costing anything from £65,000 to £200,000. However, Mark Wood of Execucom, based in Austin, Texas, believes that instant information is vital if executives are to make informed decisions. "In the past, if you had no time to get the work done then you hired more staff. With today's trends that is *not* the case. There are more demands on an executive's time. And management is becoming far more complex," he says.

Executive support packages work by extracting information from both the company's mainframe computer system – such as sales and profit figures, budgets and forecasts – and from external sources, for instance share price movements.

Susan McKeever, marketing executive with Thorn EMI Computer Software, the European distributor of the FCS-Pilot package developed by Pilot, of Boston in the US, says that up to 80 per cent of the information needed by executives comes from external sources.

With a package like FCS-Pilot, the software can be programmed to display information at regular intervals – share price changes every half hour, for example.

The software is customised for each executive so that the information is displayed and ordered in the way in which he or she wants it. This means that when a problem area is spotted, the executive can focus on that topic and get further data in the sequence and format in which he would deal with it manually.

Tailoring the software package to each executive's way of working accounts for about half the cost of installing an executive support system.

Some of the packages are expert systems, which means that they follow a more sophisticated pattern. For example, if the executive asks for profit figures, the software will first retrieve the statistics for the group as a whole and then search for any problem divisions. The software that does this for Execucom's Executive Edge package was developed at Carnegie Mellon University in the US.

Companies marketing executive support software believe that the cost can easily be justified because the systems do more than just deliver manageable information. "The executive gets information which puts him on top of the situation *instantly*," says Richard Tuttle, director of marketing communications for Execucom.

This ability of the executive *to do his own homework* rapidly can reverberate through the management structure. "When something goes wrong, middle managers usually like to have time to prepare their case before they have to face the executive," says Tuttle.

The executive systems use sophisticated graphics which display the data in a variety of formats, such as graphs or pie charts, and most systems are designed so that the senior executive does not have to use a keyboard. "People who think executives are going to use a keyboard are living in cloud cuckoo land," says McKeever.

Instead the most commonly used executive systems have hardware which has a touch screen or is operated by a 'mouse'. Some systems can be operated using a remote control device.

The software is also designed so that it is easy to use. Tuttle says that Executive Edge, for example, takes only 30 minutes to master.

"All our research says that executives just won't tolerate a day of training," he adds.

Della Bradshaw

MANAGEMENT

Lyonnaise des Eaux

Why a French supplier is bubbling with enthusiasm for British water

Paul Betts examines the 'clear and ambitious' strategy behind the biggest Continental investment in the UK industry

Jérôme Monod: "When he heard we had launched a full bid, the chairman of Générale des Eaux said we had an incredible nerve"

A year ago, Jérôme Monod embarked on his British campaign. "I was feeling really good," says the chairman of Lyonnaise des Eaux, the large French private water distribution group. "I had just taken part in the bidding for Société Générale de Belgique. We were the first to buy 300,000 SGB shares to give the impetus to the other members of the camp led by Suez, our leading shareholder. I felt in a takeover mood, in great shape and ready to buy a water company in the UK."

Monod had had his eye on the UK water industry for some years. And when he decided to make his move his strategy was to launch a full public bid for the Essex Water Company, the biggest statutory water company in the UK. His approach was unlike that of his two French rivals – in France private water companies have long competed with one another for concessions from local authorities – the much larger Compagnie Générale des Eaux, and Saur, the water group controlled by Bouygues, the giant construction company. At the time they felt that a cautious approach was more likely to succeed in the UK rather than a more politically risky all-out bid.

"When he heard we had launched a full bid, the chairman of Générale des Eaux said we had an incredible nerve," recalls Monod. Martin Bouygues, then the deputy chairman of Bouygues and now head of Saur, was also deeply irritated. "Lyonnaise sent prices of British water companies rocketing," he remarked recently.

Monod, a former top civil servant and for a short time secretary general of the Gaullist RPR party, describes his broad strategy as "clear and ambitious". Lyonnaise, he explains, wanted to develop service activities linked to urban life and its environment with special emphasis on the water sector and its international operations.

One of his first moves on becoming chairman in 1980 had been to divest the company of its public works and construction operations in order to re-focus the company on its water activities and then to expand internationally. At the same time it moved into new service activities by investing in television and cable, nursing homes for the aged, and leisure facilities, including golf courses in France.

Of the move into the UK he says: "We took everybody by surprise." Lyonnaise had taken a first look at the UK water market in 1984 when it commissioned a leading investment bank to make a study. "They told us there was no financial interest whatsoever for a French company in investing in the British water business. But when Mrs Thatcher launched the idea of privatisation we immediately became interested again."

Monod did not intervene straight away. But once he decided to invest in the UK, he moved with great speed. "Our acquisition strategy is very clear and simple. It consists of looking at a market, selecting our targets, and then trying to wrap up the deal as quickly as possible. Unlike our French competitors, we don't like buying small pieces and then building up our stake gradually. We prefer to reach an agreement with our target – as has been the case with our four British – and then move quickly together with our new British partners on joint strategic aims," says Monod.

In barely 12 months, Monod has spent £145m in the UK water business; he has already invested in joint ventures in Spain, Portugal, Italy and Belgium, expanded in the Far East, acquired assets in the US, and subsidiaries in West Germany.

The recent investments in the UK are part of what he calls his group's European growth strategy. "We intend to achieve significant market share in all of our businesses and in all of the countries in the unified market. By significant, I mean from between 5 and 20 or 25 per cent of each national market. In some places we are doing it through joint ventures or partnerships; in other countries, like the UK, through acquisitions," he says.

The French company selected Essex as its first target in the UK because it was the biggest of the statutory water companies. Just over a week later, Lyonnaise made a full bid for the much smaller East Anglia water company. Monod did not want to bid for another water company in the London suburban region because he felt there might have been a risk with the Monopolies Commission. "So we decided to buy something different. East Anglia, I was told, was a small company which had to double its volume in the summer to meet holiday demand. I felt it was a good opportunity."

After snapping up the first two companies, Lyonnaise decided to let the summer go by before launching new bids. "In the meantime, Générale des Eaux and Saur started launching their own public offers and we noticed that all the companies in which they were investing were in the London area or on the southern coast," Monod says.

Lyonnaise thus decided to buy into Bristol Water Company but as soon as the French group declared it had acquired 12 per cent, Générale des Eaux immediately increased its stake in Bristol to 28 per cent. "This was a bad sign because I don't like to share power with my competitors; we therefore decided to stop all movement in Bristol," says Monod.

Instead, Lyonnaise decided to launch the second phase of its British water campaign in the north of the country. "I opted for the north because I thought no one else would have the imagination to go there," Monod explains. Lyonnaise subsequently bid for Sunderland and South Shields and for the Newcastle and Gateshead water companies. As the first head of the post Second World War French regional development authority, Monod was already familiar with the north of England and had made official visits to the region. Moreover, his maternal grandmother was Scottish.

"When I was in charge of regional development, I had seen the depth of the disaster of these zones. But I had heard of the arrival of Nissan and of other development prospects for this part of the country. I had enough information to know that this was not the Mezzogiorno of Italy, which is a hopeless case, but a region with a future," he says.

But his acquisitions in the north took longer to complete than in Essex and East Anglia. "And we had to pay more for these companies because the institutional investors squeezed us to the bones having sold the first two companies for a more moderate price. But I think we paid a fair price for these two companies in the north."

By the end of December, Monod had acquired 6 per cent of the British water market providing water services for about 3m people. Monod says his campaign was successful because in every case Lyonnaise spelled out its strategy to the water companies it was taking over. "We told them what we wanted to do with them in the UK, in France and elsewhere. We explained that we did not intend to take over the management of their boards but that we wanted to maximise our technologies and technical systems and that we wanted to do things together with them abroad. And all this with a common ethical standard, putting water quality and service above everything else."

Monod has also proposed to his new British partners that they should extend their activities in waste management and treatment since there are close links between the two businesses. "If you distribute water in a large territory you must also ensure that this territory is clean. You are thus forced to take an interest in industrial and urban waste disposal and treatment," says Monod, adding that Lyonnaise was already developing a presence in the UK waste disposal business by bidding for local authority contracts. But he would also like to develop a significant presence in the toxic waste disposal business and Lyonnaise is already involved in treatment of toxic waste products from hospitals.

If Monod shows little hesitation in investing in statutory water companies, he is adopting a much more cautious approach to the larger British public water authorities. Even if these authorities are finally privatised, Monod argues that the proposed terms of their privatisation – with a golden share and a shareholding ceiling for investors of 15 per cent – are not very attractive for a group like Lyonnaise. "These conditions don't make me think I will rush to buy their shares when they are floated on the market," he remarked.

But he emphasised that he was keen to work with the water authorities, whether private or public, on specific operations either in the UK or abroad. "I prefer to find new partners than exhaust myself putting money in these companies if they are privatised. I think we can work with UK companies in East Africa, in Malaysia, in countries like China or Australia, as well as in some European countries, offering water and other highly technical services."

Monod also believes these partnerships between different international groups are bound to grow. He now wants to form a number of European holding companies with several other foreign partners to offer water services in the Community.

"I think the EC will not accept too strong a domination from national groups in the public service sector. If we go to Germany or Portugal or Spain with a European holding with other European partners we will be in a far stronger position than if we went alone as Lyonnaise. I therefore plan to propose to our partners that we set up holding companies to enable us to increase our respective market shares."

Monod has also been following closely the heated public debate in the UK over water rate increases. He has preferred to let the boards of his water companies resolve the problem themselves. "I am pleased with their reasonable and moderate approach to water price rises because in terms of public opinion you simply can't increase water rates suddenly by 40 or 50 per cent. We are now talking about less than 20 per cent for two of our companies, more than 20 per cent for the third and around 30 per cent for Essex."

For Monod, the issue is essentially economic. "The British are big enough to resolve this economic problem. Moreover, there will also be the problem of European standards, which will not be applied immediately but which are inescapable and will require investment. And you have to make these investments pay. The problem is to ensure that they do pay and in turn provide an improvement in quality, service and equipment."

He also argues that privatisation will prove beneficial to the British consumer by making the industry more efficient. "I note that Socialist governments in France have never considered nationalising the French private water companies," he adds.

Water concessions are granted by local authorities in France to private companies on long term contracts. Any nationalisation of the French private water companies would have transferred the power and influence of the local authorities to the central government in Paris. "We would have had 36,000 mayors all over France against us if we had nationalised the water companies, Pierre Beregovoy, the socialist finance minister then secretary general at the Elysee, told me back in 1981," recalls Monod.

During the past three years, Monod has invested about FFr 8bn in developing his group's international presence. Nine years ago, only a fraction of the group's activities were abroad. Today, 35 per cent of the company's consolidated profits of FFr 550m (sales last year were FFr 18.9bn), is earned abroad and Monod wants to increase this figure to 50 per cent by 1992. To this end, he is planning to invest a further FFr 3-3.5bn this year in part financed by a recent FFr1.4 bn new bond with share warrants issue.

"We will clearly not keep up this rhythm of investment for ever. But there are opportunities at this moment in Europe with privatisation and we want to take advantage of them. One day, we will also probably float on the stock market the assets we have been acquiring abroad in the US and the UK, in Spain and elsewhere," Monod concludes.

طبقا من الأصل

Airbus wins $2bn Cathay contract

AIRBUS, the four-nation aircraft manufacturer, yesterday confirmed that the Far East airline Cathay Pacific is placing a $2.2bn (£1.3bn) order for up to 20 ... jets in a deal p... more than $1b... space indus... *Harrison writes*...

More than ha... contract will be ... UK with British A... a 20 per cent st... manufacturing t... Rolls-Royce the ...

This deal fol... Airline's $3.6b... twin-engined A3...

The Cathay or... several new chapte... tory of commercia... marks the largest ... yet for Airbus air... first time Rolls eng... specified for an A...

Cathay's A330s ... first to be powered ... 524L — the most pow... in the world — unde... ment by Rolls at a cos... £500m.

Cathay has placed firm... for 10 A330s, due for ... from 1995 onwards, with ... on a further 10. This ta... combined order book for the A... and its sister jet, the four-engi... long-range A340, to 266 comm... ments from 17 customers.

The 315-seater A330s will ... used by Cathay to replace L... heed TriStars on regional rou... from its Hong Kong base.

Airbus deal

TAP, the Portuguese airline, has ordered two Airbus A340s with an option on two more worth about £238 million ($400m). The deal brings the consortium's orders for the week to £2.7 billion.

Airbus boost

Northwest, the American airline, is to buy 10 European A330 Airbuses in a £320 million agreement announced yesterday. British Aerospace builds wings for the aircraft. Northwest has already ordered 100 A320s and 20 A340s.

TWA to Spend $3.6 Billion On Airbus Jets

Compiled by Our Staff From Dispatches

MOUNT KISCO, New York — Trans World Airlines Inc. said Tuesday that it had ordered 20 planes from Airbus Industrie and taken options on 20 more, a deal valued at more than $3.6 billion that is a major victory for the European consortium over U.S. rivals.

The four-nation consortium will begin delivering the 300-seat A330-300 twin-engine widebody aircraft to TWA in late 1994 or early 1995, said the airline's chairman, Carl C. ...ahn.

Airbus has faced difficulties in ...eting with the U.S. aircraft ...turers Boeing Co. and Mc...uglas Corp. because of ...up decline in the dol... The American manu... have complained that fi... ...pport for Airbus from ... governme... an unfair ... wh...

pete with Boeing's 767 on TWA's trans-Atlantic routes. The airline was the second U.S. carrier to order the A330 after Northwest Airlines.

Airbus, a consortium comprising Britain, France, West Germany and Spain, has been riding an order boom for new aircraft and has had to stretch delivery times to accommodate demand.

TWA said it would have the right to convert up to 10 of the firm orders and 10 of the options to Airbus A340s, the four-engine, very-long-range model that will enter service in May 1992. The A340 has a range of 7,500 miles (12,500 kilometers), compared with 4,600 miles for the A330.

The TWA purchase was praised by airline analysts, some of whom have said that the carrier could not survive unless Mr. Icahn bought new ... ...presents the ini... ...equipment

Airbus benefits from £985m Iberia orders

BY TOM BURNS IN MADRID

IBERIA, Spain's national airlines, announced at the weekend a Pta199bn (£985m) buying spree of short-, medium- and long-range aircraft.

Iberia is to re-equip half its fleet and increase the company's involvement with the airbus programme through the purchase of the European consortium's long-range jumbo, the Airbus 340.

About Pta120bn will be spent on the acquistion of 17 McDonnell Douglas MD-87 twin jet aircraft carrying 117 passengers and on 15 150-passenger units of the European medium-range aircraft, the Airbus 320. Pricing details were not revealed.

The balance, some Pta79bn, will be spent on eight wide-bodied Airbus 340s which will be replacing the airline's DC-10 fleet in the mid-1990s.

Iberia said it had opted for 340s to share in its final design and to obtain all the benefits of a "promotional client" status.

The first five McDonnell Douglas aircraft, which will replace Iberia's existing DC-9s, will be in service in the last quarter of 1989 and the remaining 12 will be delivered in 1990. The Airbus 320s, intended to replace Iberia's Boeing 727 fleet, will be delivered in 1990 and 1991.

The orders for the 40 aircraft come in the wake of a strong upturn in Iberia's financial position. Following Pta11bn losses in 1985 and Pta880m profits last year, the company is expected to post Pta10bn pre-tax profits this year.

Iberia is hoping to raise some Pta30bn from the sale of the air... craft it will be phasing out. Fu... ther financing for the present... wholly public-owned compa... may come from the placemen... a minority block of shares o... Madrid bourse.

Lufthansa and UTA Sign Orders for Airbus A-340s

Compiled by Our Staff From Dispatches

PARIS — Deutsche Lufthansa AG said Wednesday that it had signed a contract with the Airbus Industrie consortium for delivery of 15 long-range Airbus A-340s and had taken an option on 15 others.

Airbus has also received a firm order for six A-340s and an option on six others from the French airline UTA.

Airbus formally launched a program to build the A-340 and the medium-range A-330 earlier this month. The A-340 is designed to compete primarily with the McDonnell Douglas MD-11 trijet, an updated version of the DC-10, which will become available in 1990.

The Lufthansa planes will be delivered from 1992 onward and will gradually replace Lufthansa's fleet of McDonnell Douglas DC-10s.

Lufthansa, the West German national airline, said the order, formally signed at the Paris air show, was subject to approval by its supervisory board. The new A-340s will allow the airline to open up numerous nonstop long-distance routes.

Delivery of the first two planes to UTA will be made in May 1992, with two to be delivered in 1993 and two in 1994. UTA has an extensive network of long-range routes between France and Africa.

(Reuters, AP)

...ilding ... ...uuy one of the ste...

Fresh orders for Airbus A-340 top $1.5bn

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

ORDERS worth more than $1.5bn (£930m) for the new Airbus A-340 four-engined long-range airliner were announced at the Paris International Air Show yesterday.

Lufthansa, the West German airline, signed a formal contract f... up to 15 of the A-340s, and ... an option on another 15 aircraft.

At an estimated price of about $70m per aircraft, the Lufthansa deal is worth over $1bn, which could be doubled to some $2bn if the option on 15 aircraft is confirmed.

Union de Transports Aérien (UTA), the French long-haul international airline, disclosed that it is also a customer for the long-range A-340, ordering six aircraft, worth about $420m, with an option on a further six.

Both the A-330 twin-engined medium-range airliner and the four-engined long-range were formally launched two weeks ago.

Lufthansa is one of the 10 airlines originally claimed by Airbus Industrie as among the launch customers for the A-330/A-340 aircraft which Airbus said it had received in advance of formal go-ahead for the new ventures, covering a total of 130 aircraft.

UTA, however, is one of the two hitherto-undisclosed airline customers for the new aircraft.

The list of buyers so far revealed now includes Air France, Lufthansa, Royal Jordanian, Northwest Orient (US), Air Portugal, Thai International, Air Inter, International Lease Finance Corporation and UTA, with one customer still to be named.

It was also revealed at the Paris Show that British Aerospace has won an order worth about $50m from Avline Trading Corporation of Toronto, Canada, for five of the new twin-engined BAe Advanced Turboprop airliners (or ATPs).

BY BUILDING THE AIRCRAFT OF TOMORROW, WE'RE MAKING NEWS TODAY.

These are just some of the 17 customers who have already made commitments to buy over 260 Airbus A330 and A340 aircraft. They are the airlines that have recognised the marketing potential offered by these new generation long-haul jets.

Who will be next?

AIRBUS

AIRBUS INDUSTRIE

ARTS

Arts Week

F	S	Su	M	Tu	W	Th
7	8	9	10	11	12	13

EXHIBITIONS

London

The Whitechapel Art Gallery (in collaboration with the Fundacio Joan Miro, Barcelona). Joan Miro: Paintings and Drawings 1929-41 – a study of the purest and most abstracted of the Surrealists through the period of transition from his earlier, directly figurative work, to the final confirmation of his mature and most characteristic manner. Daily except Mondays until April 23 – *sponsored by Citicorp/Citibank.*

The Hayward Gallery. Leonardo da Vinci: Artist, Scientist, Inventor. *The most comprehensive* exhibition ever staged of the drawings of Leonardo, including 88 from the Royal Library at Windsor. The full range of his interests is covered – imaginative, anatomical, botanical, mathematical, geographical, mechanical – and *the show concludes* with an impressive display of models of his mechanical proposals, including a full-scale reconstruction of his flying-machine. The sponsors, IBM, contribute a number of computer studies and projections of some of his other works and schemes, including an analysis of the perspectives of the Last Supper. Daily until April 16.

Paris

Grand Palais. The French Revolution in Europe. A vast exhibition organised by the Council of Europe tries to situate the French Revolution in the social and political context of Europe as a whole. Over a thousand *paintings, sculptures, engravings,* objets d'art and everyday objects lent by 15 countries retrace the pre-revolutionary splendour of European courts and the aristocracy as opposed to the laborious life of the peasants. The fall of the Bastille, the symbol of the Revolution, is richly documented, as is the political influence of artists who, by representing the heroes of antiquity indirectly bestowed the Roman Republicanvirtues on an idealised contemporary reality. A visual representation *of the Human Rights Declaration* becomes a cornerstone of the revolutionary iconography. Closed Tue. Late opening night Wed. *Ends June 26 (42895410).*

Grand Palais. Paul Gauguin. Coming after Washington and Chicago, 250 works from all over the world form an important retrospective of the legendary *peintre maudit*, influenced at first by the impressionist Pissarro and later by Degas and Cezanne. The powerful personality of the self-taught artist rapidly asserts itself. The combination of japanism and primitivism expressed in glorious pure colours and the grave sensuality of his large Tahiti canvases revolutionised the artistic scene of his time and inspired the avant-garde movements of the early 20th century. Until April 24, closed Tue; late closing night Wed (42 96 58 30).

The Louvre. The glass pyramid, built by I.M. Pei, the Sino-American architect, has opened to the public as a dramatic entrance to one of the world's most famous museums. *Erected as* a medieval fortress in 1204, the Louvre later expanded into a renaissance royal palace only *to be turned into a museum in* revolutionary 1793. Since then, the modernisation of the museum's infrastructure became a matter of utmost urgency and the pyramid's *centralising role* is an important step towards the completion of the project of the Grand Louvre planned for 1995. It will involve the moving around of 800 of the exhibits, but the three *stars* – the Mona Lisa, the Victory of Samothrace and the Venus de Milo will remain firmly in place. Open 9am-6pm, *Mon and Wed until* 9.45pm, closed Tue.

Musée Jacquemart-André. Russian historical costumes. Leningrad's Hermitage Museum has lent 200 exhibits from its treasure trove of historical costumes *dating from 1700 to 1914. Richly* embroidered court dresses, gold on red velvet or silver on silvery brocade vie with the gracefulness of French-inspired lines of a white muslin dress. There are uniforms, sacerdotal robes and servants' liveries, there is the exotica of peasants' colourful clothes. Some 50 portraits complete the exhibition. 158, Bld Haussmann, 12 noon-6.30pm; ends May 31.

Musée des Arts Decoratifs. The intimate world of Alexander Calder. some 300 works, most of them gifts to family and friends and, as such, exhibited for the first time, show the inventiveness and sense of *humour of the sculptor.* Tins are turned into birds and twisted wire catches the likeness of a friend, while a miniature circus *is created from bits and pieces* in a riot of playfulness. Ends May 21. Closed Mon and Tue (42603214)

Musée d'Orsay. Paul-Emile Miot's photographs from Tahiti 1869-1870 show the melancholy reality behind Gauguin's dreams of an exotic paradise. Closed Mon. ends April 23 (40494814).

Amsterdam

Van Gogh Museum. Prints, drawings and gouaches illuminate the work of Gauguin's followers. Ends May 28.

Brussels

Palais des Beaux-Arts. Art Deco in Europe. Tues-Sat, closed Mon. Ends May 28.

Musée Royaux d'Art et d'Histoire. Tibet – Terror and Magic, sculptures and paintings of lamaist gods on loan from the Musee Guimet, Paris. Closed Monday ends May 14 (733.9610).

Banque Bruxelles Lambert. Women at the Time of the *French Revolution – daily, ends* May 15. **Galerie CGER.** The Heritage of the French Revolution 1794-1814. Daily, ends June 11.

Frankfurt

'Je Suis le Cahier', the sketchbooks of Picasso. This exhibition of 40 sketchbooks and around 200 paintings, organised by the New York based Pace Gallery and sponsored by the American Express company, will have its second stop here in Frankfurt on the European tour. These fascinating sketchbooks, owned by Picasso's family have never been shown in public before. *All styles and periods in his* working life are represented here. These books cover around 70 years of his life; his start in Spain of the turn of the century, the cubism period before the First World War, and followed by the period from 1920 to 1965. In the sketchbooks there are his most famous works as Damoiselle d'Avignon (1907), and the Swimmers (1918). Ends May 28.

Schirn Kunsthalle und Kunstverein, Am Römerberg/Prospect 89. Peter Weiermair director of Frankfurt's arts association has again chosen a wide variety of artists with around 80 painters and sculptors from 15 different countries for this year's Prospect 89. The gallery of the Schirn Museum, gives the visitor the opportunity to follow the artist's creative development. Among the artists are *Thomas Gruenfeld*, Heinrich Dunst, Peter Halley and well known Robert Mangold, Donald Judd, Ellsworth Kelly. This exhibition also includes some performance art based on the ideas of the artist Richard Artschwager. Kunstverein presents works with special themes with pictures by Francesco Clemente, Leon Golub, Franz Wanner and Mike Kelley. Scott Burton, shows two stone seats, Ian Hamilton Finlay with 12 heavy stones under the title of "The present order is the disorder of the future" and Barbara Kruger is the exception with her photographs and picture text montages. Ends May 31.

Berlin

Fritz Koenig. 35 sculptures worked in iron, 70 script pictures and 80 drawings by the German artist Fritz Koenig, born in 1924 are exhibited until May 1. Akademie der Künste, Hanseatenweg 10.

Willi Baumeister (1889-1955). *To commemorate* the 100th anniversary of the German abstract artist's birth there are 140 works from all periods of his working life to be seen until May 28. Nationalgalerie, Potsdamer-Strasse 50.

Vienna

The Bawag foundation, run by the Bank für Arbeit und Wirtschaft in the heart of Vienna is exhibiting works by the young Austrian painter, Kurt Welther. One of his hallmarks is his sympathetic evocation of provincialism. Ends May 6.

Museum for Applied Arts. Austria's rebellious artists of the 1960s have their own exhibition here entitled, Aktionsmalerie-Aktionismus, Wien 1960-1965. Ends May 15.

Secession. There is always some exhibition by Austrian artists on show here. But it is also worthwhile to go downstairs and see Klimt's Beethoven Frieze, which has been restored to its original place. The Secession, home of Vienna's fin-de-siecle painters, has been wonderfully restored.

The Kunstforum, a new art gallery run by the state-run Laenderbank, makes its debut with the Leopold collection, a Viennese who bought several paintings by Egon Schiele, one of the leading lights of Vienna's fin-de-siecle, for next to nothing in the 1950s. There's are some wonderful Klimt sketches and Kokoschkas. Well worth catching. Ends June.

Rome

Palazzo Braschi. Views of Rome by Giambattista Piranesi: 93 engravings by Piranesi and contemporaries (including his son, Francesco and his maestro, Giuseppe Vasi) covering the years 1745 to 1778 at a magical period in the city's history, when decorative additions to the baroque city such as the Trevi fountain and the flight of steps from Trinita del Monte to Piazza di Spagna had only just been completed, *and a mere 100 or so years had* passed since Bernini had completed the two fountains and the colonnade in St Peter's Square. The exhibition opens with the exquisite map of the city engraved by Gian Battista Nolli in 1748, beneath which Piranesi has drawn the facades of S. Maria Maggiore, S. Croce in Gerusalemme, and the symbol of Christian Rome, St Peter's. Piranesi stands out from his contemporaries for the insane drama of his engravings, this quality becoming ever more pronounced, until the cool, analytic approach taught by his mentor Vasi, loses out completely to the romantic and poetic side of Piranesi's nature: note his engravings of the interior of the colosseum (1756) and the temple of Minerva Medica. Until April 25.

New York

Pierpont Morgan Library. Master drawings borrowed from Holland's oldest museum, the Teyler in Haarlem, focuses on work by Michelangelo, Raphael, Goltzius, Rembrandt and Guercino among 100 pieces from the 16th and 17th centuries. Ends April 30.

Museum of Modern Art. In advance of its arrival at London's Hayward Gallery in November, the first retrospective of the work of Andy Warhol since 1970 surveys all his work from the 1950s, covering the Campbell's Soup cans, silkscreens on canvas of Elvis, Jackie Kennedy, Marilyn Monroe and other movie stars, disaster paintings and numerous self-portraits. Ends May 2.

Washington

National Gallery of Art. Cézanne: the Early Years. Already seen at London's Royal Academy of Art and the Musée d'Orsay in Paris, the exhibition comprises 65 oils and 35 drawings showing Cézanne's proto-impressionist technique from 1859 to 1872. Ends April 30.

Chicago

Art Institute. As part of a national tour, 67 rare ancient Greek sculptures, bronzes, and painted terracotta trace the development of the human form in art from the tenth to the fifth centuries BC. Ends May 7.

Tokyo

National Museum. Screen Paintings of the Muromachi Period (1334-1573). The Muromachi Period corresponds to the Renaissance in Europe and much of its art was produced under the influence of Zen Buddhism and of Chinese ink painting of the Sung and Yuan dynasties. Landscape, birds and flowers are among the favourite subjects and this exhibition includes work by such masters of the genre as Sesshu and Kano Motonobu. Closed Mondays.

National Museum of Western Art. Masterpieces from the Vatican. A somewhat random selection of paintings and sculptures, chosen to demonstrate the development of western art from ancient Greece to the Renaissance as well as to present the architecture of the Vatican itself. Closed Mondays.

National Museum of Modern Art. Odilon Redon. A major retrospective featuring more than 200 paintings, prints and drawings by the great French Symbolist, attractively arranged by subject matter (monsters, angels, apparitions etc) rather than chronologically. Most of the works are from public collections in Japan or from the Ian Woodner Family Collection in New York. Closed Mondays.

MUSIC

London

The London Philharmonic, conducted by Simon Rattle. Boulez, Dutilleux and Mahler (Fri) Royal Festival Hall (928 8800).

London Symphony Orchestra, conducted by Rafael Frübeck de Burgos, with Louis Lortie (piano). Beethoven, Ravel (Sun) Barbican Hall (638 8891).

Royal Philharmonic Society, conducted by Sir Neville Marriner, with the Academy and Chorus of St Martin in the Fields. Berlioz, Britten, Mendelssohn. (Mon) Royal Festival Hall (928 8800).

English Chamber Orchestra, conducted by James Judd; with Natalia Gutman (cello). Tchaikovsky, Bartok (Tue) Barbican Hall (638 8891).

Royal Philharmonic Orchestra, conducted by Jean-Bernard Pommier, with Cécile Ousset (piano). Debussy, Ravel, and Berlioz. (Wed) Royal Festival Hall (928 8800).

Paris

Isaac Stern, Jean-Pierre Rampal, Mstislav Rostropovitch: J.-C. Bach, Telemann, Haydn, Mozart (Mon) Salle Pleyel (45638873).

Ensemble Orchestral de Paris conducted by Arpad Gerecz, with Arleen Auger, soprano: Sibelius, Britten, Schubert (Tue) Salle Gaveau (45632030).

Berliner Symphoniker conducted by Claus Peter Flor, with MargaretMarshall, soprano. Mahler (Wed) Chatelet (40282828).

Orchestre de Paris conducted by Semyon Bychkov: Mozart, *Shostakovitch (Wed, Thur) Salle* Pleyel (45630796).

Vienna

Kuchl Quartett. Webern, Schoenberg, Haydn. Musikverein (Wed).

Wiener Kammerorchester, conducted by *Herbert Pripopa. Cimarosa*, Vivaldi. Konzerthaus (Sat, Sun).

Gustav Mahler Jugendorchester, conducted by Claudio Abbado. Janacek, Mahler, Stravinsky. Musikverein (Mon).

Organ Recital by Herbert Tachezi. Franck, Liszt, Brahms, Schmidt, Reger. Konzerthaus (Wed).

Cologne

Beethoven Special with Peter Serkin (piano), Gidon Kremer (violin), Yo Yo Ma (cello) and the Baden Baden Radio Orchestra under Michael Gielen. Beethoven. Philharmonie (Sun).

Vienna Symphony Orchestra conducted by Georges Prêtre. Beethoven, Brahms and Ravel. Philharmonie (Wed).

Berlin

Württemberg Chamber Orchestra and Maurice André (trumpet) conducted by Joerg Faerber. Bach and Telemann. Philharmonie (Thurs).

Amsterdam

Charles Dutoit conducts the Royal Concertgebouw Orchestra, with Chio Liang Lin (violin). Chausson, Tchaikovsky, Ravel (Fri, Sat matinee).

Royal Concertgebouw Orchestra conducted by Charles Dutoit, with Ronald Brautigam (piano). Bernstein, Stravinsky, De Falla (Thur). Concertgebouw (718 345).

Rotterdam

James Conlon conducting the Rotterdam Philharmonic, with Emmy Verhey (violin). Beethoven, Mozart, Dvorak (Fri). Doelen (413 2490).

Milan

Cheryl Studer, soprano recital accompanied by Irwin Gage. Teatro alla Scala. (Mon) 809126.

Rome

Chamber Orchestra of the USSR playing Mozart, Paganini, Bach *and Bartok, conducted by Viktor* Tretiakov (Fri). Auditorium in Via Della Conciliazione.

Chamber Orchestra of the USSR conducted by *Christian Mandeal.* Mozart, Beethoven, and Strauss (Sat, Sun, Mon, Tues) 6541044.

Jon Kimura Parker, piano recital. Schumann, Prokofiev, Brahms and Chopin. (Wed) (393304) Teatro Olimpico.

New York

Murray Perahia piano recital. Beethoven, Rachmaninov, Schumann, Liszt. Carnegie Hall (Mon) (247 7800).

Prism Orchestra conducted by Robert Black. Dupney, Sheng, McKinley. Merkin Hall (Tue) (362 879).

New York Philharmonic conducted by Klaus Tennstedt with New York Choral Artists directed by Joseph Flummerfelt. Haydn programme. Avery Fisher Hall (Tue) (874 6770).

Boston Symphony conducted by Seiji Ozawa with Anne-Sophie Mutter (violin). Cage, Stravinsky, Debussy. Carnegie Hall (Wed, Thur) (247 7800).

Washington

National Symphony Orchestra conducted by Pinchas Zukerman. Mozart, Vivaldi. Kennedy Center Concert Hall (Tue) (254 3776).

National Symphony Orchestra conducted by Mstislav Rostropovich with Vladimir Ashkenazy (piano). Dvorak, Ravel, Brahms. Kennedy Center Concert Hall (Thur) (254 3776).

Chicago

Chadamia Trio. Haydn, Debussy, Brahms. Orchestra Hall (Mon) (435 0012).

Chicago Symphony Orchestra *conducted by Michael Tilson* Thomas with Dale Clevenger (horn). Haydn, Ives. Orchestra Hall (Tue) (435 0012), and also *with Emanuel Ax (piano).* Ives, Brahms. Orchestra Hall (Thur) (435 0012).

Tokyo

Eeva Koskinen (violin). Sibelius, Bartok, Schubert. Casals Hall *(Mon) (011 861 5371).*

Tokyo Philharmonic Orchestra, with Eva Lind (soprano) conducted by Miguel Gomez-Martinez. *Donizetti, Rossini,* Puccini, Verdi, Bellini. Suntory Hall. (Tues) (505 1010).

THEATRE

London

Fuente Ovejuna (Cottesloe). Wonderful production of Lope de Vega classic by *Cheek By Jowl* director and designer Declan Donnellan and Nick Ormerod. The best National production in this venue since the Bill Bryden company. April 7-12, May 3-6 (928 2252).

Bed (Cottesloe). Imaginative reverie for old codgers in pyjamas and a sleeping den as big as the Great Bed of Ware itself. The delightful and unusual proceedings are scripted by Jim Cartwright, directed by Julia Bardsley. April 13-19, April 26-May 2 (928 2252).

Hamlet (Olivier). This picturesque Renaissance revival by Richard Eyre for the National Theatre is a disappointment, though Daniel Day-Lewis may improve with experience in the role. Judi Dench is a muted Gertrude, Michael Bryant a superbly busy and dangerous Polonius. Fullish text, but no emotional or intellectual fire. April 12-15, May 2-5, 16-18, May 25-June 1 (928 2252).

Single Spies (Queen's). The high-light of Alan Bennett's double bill is a comic confrontation between Prunella Scales as Her Majesty the Queen and Bennett himself as Anthony Blunt in the royal picture gallery. Simon Callow plays Guy Burgess in a rehash of Bennett's fine TV film *An Englishman Abroad* (734 1166).

A Walk in the Woods (Comedy). Alec Guinness and Edward Herrmann in feeble off-duty arms negotiation encounter by Lee Blessing. Guinness, back on the London stage after 10 years, is in subtle virtuoso form as the Soviet veteran of tactical stonewalling and no-dealing tricks (930 2578, cc 839 1438).

Brigadoon (Victoria Palace). 1947 Lerner and Loewe "heather-scented" Scottish fairytale-hit is handsomely revived and well sung, less frail than expected (834 1317, cc 836 2428).

Hedda Gabler (Olivier). Juliet Stevenson is energetically wilful in fine National revival using a new Christopher Hampton translation. A full-scale, monumental reading, with European design to match by Bob Crowley. Howard Davies directs, Norman Rodway is Judge Brack. Performances on April 7-11 (928 2252).

Mrs Klein (Apollo). Intriguing chat among the child psychoanalysts in Nicholas Wright's hit transfer from the National. (437 2663, cc 379 4444).

The World According to Me! (Playhouse) Jackie Mason, Jewish stand-up comic who revives the near lost arts of scathingly satirical monologue and vaudevillian timing to the London stage for a limited season (839 4401)

Henceforward (Vaudeville). Ian McKellen and Jane Asher in bleakly funny and experimental Alan Ayckbourn comedy of future shock and strained marriage. A tale of obsession, devotion, women as robots, gangs on the streets and a tug-of-love (836 9987, cc 741 9999).

Rotterdam

Evita the original Broadway production with Florence Lacey. Tue, Wed (two perfs). Doelen (413 2490).

New York

Shirley Valentine (Booth). Pauline Collins brings her West End triumph to Broadway in Willy Russell's amusing and touching story of a Liverpool woman's awakening in the Aegean Sea. Simon Callow again directs without smothering any of the Northern English edges that retain an authentic touch.

Jerome Robbins' Broadway (Imperial). Anyone attracted by the notion of a three hours of film trailer previews will adore this compendium of Robbins' directed and choreographed plays of the past 40 years, including On the Town, West Side Story and Gypsy. The lustre of the credits is dimmed by the brevity of each piece, with a contemporary crew of Broadway aspirants who lack the multi-talents that inspired the heyday *of the musical.*

Rumours (Broadhurst). Neil Simon's latest comedy is a self-conscious farce, with numerous *slamming doors and lots of mugging* but hollow humour that misses as often as it hits. Christine Baranski leads an ebullient cast in the inevitable but disappointing hit.

Cats (Winter Garden). Still a sell-out, Trevor Nunn's production of T.S. Eliot's children's poetry *set to music* is visually startling and choreographically feline (239 6262).

A Chorus Line (Shubert). The longest-running musical in the US has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions (239 6200).

Les Misérables (Broadway). The magnificent spectacle of Victor Hugo's majestic sweep of history and pathos brings to Broadway lessons in pageantry and drama (239 6200).

Me and My Girl (Marquis). Even if the plot turns on ironic mimicry of Pygmalion, this is no classic, with forgettable songs and dated leadenness in a stage full of characters. (947 0033).

M. Butterfly (Eugene O'Neill). The surprise Tony winner for 1988 is a somewhat pretentious and obvious meditation on the true story of the French diplomat whose long-time mistress was a male Chinese spy (246 0220).

Phantom of the Opera (Majestic). Stuffed with Maria Bjornson's gilded sets, Phantom rocks with Andrew Lloyd Webber's haunting melodies in this mega-transfer from London (239 6200).

Washington

Paul Robeson (Eisenhower). Tony-award winner Ron Richardson alternates in the title role with Avery Brooks as the heroic American black singer, entertainer and civil rights activist in this new musical. Ends April 30 (254 3670).

Chicago

Driving Miss Daisy (Briar Street). The touching relationship between a dowager, played in this production by Dorothy Loudon, and her black chauffeur exposes the changes in the South over the past several decades (348 4000).

Steel Magnolias (Royal George). Ann Francis and Marcia Rodd play the leads in this view of southern life from under the dryers in a busy hairdressing establishment (988 9000).

Tokyo

Kabuki. At the National Theatre (265 7411). *Shinsarayashiki Tsuki Amagasa (O Tsuka's Death)* depicts the uneasy relationship between the upper and lower *classes in the late 18th century* and contains a famous scene in which the leading character breaks a vow and turns back to drink. Among the artists appearing in the 11am mixed programme at Kabuki-za (541 3131) is Living National Treasure Nakamura Utaemon VI, who performs a famous dance piece, *Yoshino Yama.* In the 4.30pm programme the emphasis is on comedy. Both theatres have informative English language programmes and an earphone guide in English.

Ryvo *(The Dragon King)* Shimbashi Enbujoh Theatre (541 2211). Vulgar but highly enjoyable production (in Japanese and Chinese) in which plot, about a Chinese boy and a Japanese fisherman who join forces to defeat the dragon king, is less important than acrobatics and spectacle. Directed by and starring kabuki showman, Ennosuke Ichikawa, with over 100 members of his own company and of the Peking Opera Company.

Nastasya. Benisan Pit (546 2097). Brilliantly conceived and executed adaptation (in Japanese) of Dostoyevsky's *The Idiot*, directed by Andrzej Wajda and starring world-famous kabuki actor Tamasaburo Bando in his first ever male role as Prince Myshkin. In flashback scenes he also portrays the lovely Nastasya Filipovna, conveying her fickle charm with a minimum of props and a great economy of gesture. A virtuoso performance.

My Fair Lady. Koseinenkin Kaikan, Shinjuku (407 8155). Touring production (in English) of the classic musical, with James Harrison following in father's footsteps as Professor Higgins.

The Cherry Orchard (in English). Ginza Saison Theatre (535 0555). Peter Brook's widely acclaimed production was first seen in Jean Claude Carriere's French translation in *Paris* and later in English in New York. The cast includes Brook's wife Natasha Parry as Ranevskaya, as well as Arthur Miller and Norman Mailer's daughters. A family show!

An allegory of life in New York

Andrew Porter reviews the Met's new Salome and an assortment of other operas

The Met's new production of *Salome* has had a mixed reception. Some likened Jürgen Rose's set to the boiler room of, perhaps, the Titanic, visited by passengers from a colourful fancy-dress ball. To me it seemed the basement of a great palace, where the drains run down into the city sewer, with glimpses of the glittering salons high above at once an image of psychological potency and an allegory of life in New York.

It is a tall, arresting, interesting scene with useful acting spaces. Elements of the present mingle with those from the decade of Wilde's play and Strauss's opera. It is not illusionistic, but "realistic" in its acceptance of what is *really* happening: contemporary artists are enacting a fin-de-siècle drama set in Biblical times.

Nikolaus Lehnhoff's production, while undidactic, is "critical" in a way to please those who have mixed feelings about the work. It concentrates on the lasting strengths, musical and formal, on what is interesting; passes lightly over what has faded; does not try to be newly shocking. The severed head is unbloody and not heavy – almost a symbolic object. Salome is not crushed beneath the soldiers' shields. (Herod's command "Kill that woman" remains, but no-one need execute it, since the girl has already expired). Something of the original is missing, true. But *some* works are improved by tactful "editing." (That does not mean blanket licence for producers to change things at will!)

Eva Marton acted the title role quite well. Her singing lacked delicacy, refinement, precision. Helga Dernesch and Richard Cassilly, the royal pair, were incisive and vivid. Bernd Weikl, the Baptist was dull and blaring. Marek Janowski conducted as if he remembered Strauss's injunction "like Mendelssohn: *Elfenmusik*." It was not orchestrally thrilling, but the words came through well. This is a more intelligent, more interesting production than most of the Met's. Next season, it's back to Zeffirelli, largely: his new productions of *Traviata* and *Don Giovanni*, revivals of his *Otello*, *Bohème*, and *Turandot*.

Other new productions for 1989-90 are *Faust* (Hal Prince), *Rigoletto* (Schenk), and *The Flying Dutchman* (Everding). Carlos Kleiber conducts *Traviata* and *Otello*. Teresa Stratas returns as the three heroines of *Trittico*. The season ends with three *Ring* cycles.

An annual Lenten delight in this town has been a Stradella oratorio put on by Louise Basbas in her Music Before 1800 series: a Sunday-afternoon series of high merit, given in a small, pleasing church, just north of Columbia University. In 1985 it was *San Giovanni Battista*, an earlier *Salome*. (Callas once took the role of Herodias's Daughter.) This year, *Santa Pelagia*, an earlier *Thaïs*, with touches of *Manon*.

The World entices Pelagia, a lovely country maiden, to the city, where she soon glories in her beauty, her jewels, her hundreds of admirers. The World then challenges her to seduce the saintly Bishop Nonnus; but at Nonnus' grave reproach she embraces, instead of the bishop, a life of penitence and prayer. J. Victor Crowther, who edited the score for its first modern performance (at Loughborough, in 1981), has plausibly proposed that the oratorio was created in Queen Christina's circle, perhaps in 1673.

Stradella's music is fresh, beautiful, surprising. Recitative ran take startling turns. Aria forms are free and various. The rhythms dance. The performance was clearly and truly sung, but a trifle staid. Marion Beckenstein, the Pelagia, seemed to be "singing in church" – as of course she was, but in a score that does not underplay the heroine's glorying in the Antiochene pleasures she later renounced.

Gluck's *Telemaco* has been given its American première by the Pro Arte Chorale, an adventurous New Jersey chorus. This, a fascinating piece, which comes between *Orfeo* and *Alceste*, has by some been considered a reversion to "unreformed" *opera seria*. It seems more an attempt at reforming *opera serie* of the *Alcina* and *Armida* kind – retaining the magic but improving the music, adding directness without the drastic new procedures of *Orfeo*. consolidating before *Alceste*. It is a beautiful piece. Carmen Pelton and Julianne Baird were a good Circe and Asteria, and Derek Lee Ragin was fairly good in the title role (composed for Guadagni, the first Orfeo). Bart Folse's conducting, with a pick-up Baroque band, was a bit heavy.

The New Jersey State Opera and its music director Alfredo Silipigni make a speciality of verismo opera and regularly draw enthusiasts for it across the Hudson: the PATH subway train to Newark at opera time becomes something like an opera special. Last year the company did Mascagni's *Zazà* and *Iris*, which I reviewed in these pages, and this year his *Zanetto* and *Lodoletta*.

Lodoletta, drawn from Ouida's *Two Little Wooden Shoes*, is not one of the composer's strongest works. But the subject was one that Puccini long coveted, until he ceded it to Mascagni: Parisian painter wins the heart of a little Dutch girl, who walks all the way to Paris in the little red clogs he gave her, and expires in the snow outside his salon where he is giving a party. Coming out for a breather just too late, he lights upon her little corpse.

Touching tale. If the New Jersey show was less than moving, it was because the company departed from its usual practice of engaging a veteran versed in the style – Magda Olivero as Fedora a few years ago, and last year Adriana Maliponte as Iris. (It was in Newark that I heard Licia Albanese's moving Liù, long after she had stopped singing in Manhattan.) Maria Spacagna, the Lodoletta, is a charming young American soprano, who made much of the finale, but she is no sacred monster. Peter Kelen, the Hungarian Flammen, had a pleasingly open tenor, with pure vowels, but he was no actor.

Nevertheless, it was a fascinating evening. Newark may perhaps be the last place left in which to see "authentic" verismo stagings. The sets were from the Roman warehouse Sormani and may well be those in which Bellincioni, Gilda dalla Rizza, Toti dal Monte once sang. (Sormani sets for *Forza* now owned by the Seattle Opera are replicas of Ferrario's for the Scala premiere of the opera, with miracles of painted illusion undreamed of today).

There was more verismo in New York when Eve Queler presented Giordano's *Fedora* in Carnegie, with Eva Marton as its heroine. She was miscast: heavy, reading her music off a score. Queler's next show was Bellini's *Il pirata*, in which Aprile Millo gave an intelligent and accomplished account of the heroine. Giuseppe Morini as the eponymous hero, roused mixed feelings as he ascended to numerous high D's alternating between gentle head voice and trumpet blare from the chest. The programme-note spoke of his "similarity in style to Rubini," but Chorley's phrase for Rubini, "honeyed elegance," was scarcely applicable. The baritone Paolo Coni, sometimes hailed as the new-generation successor to Cappuccilli and Bruson, was OK but not the cat's whiskers: splendid sound, not the necessary velocity of articulation.

Mannes College put on a captivating double-bill of Donizetti's *Rita* and Rossini's *L'occasione fa il ladro*, comic operas three decades apart but linked in their fresh and masterly employment of comic-opera conventions. The production of the latter was more fun than Ponnelle's wildly overelaborated Pesaro production. A Kenyan soprano, Ciru James, Guildhall School trained, was a delightful heroine, and in the tenor lead Rodrick Dixon revealed a naturally sure and beautiful voice, effortlessly emitted, that, with careful guidance, should take him to the top.

In Avery Fisher Hall, Daniel Barenboim conducted the Orchestre de Paris in a *Tristan* Act II that made one fear for the future of the Chicago Orchestra under his forthcoming direction. The Paris orchestra, once virtuoso, sounded workaday. Hildegard Behrens was an impassioned Isolde. Gary Lakes was a dull, conscientious Tristan, a lump whom Behrens could not animate. Barenboim evidently knows how he wants things to go, but he doesn't seem to hear how things are actually going.

Bernd Weikl and Eva Marton in "Salome"

Finally, also in Fisher, Handel's *Orlando*, brought by Christopher Hogwood's Academy of Ancient Music – a New York stop on his *Orlando* tour of America. Knockout! Emma Kirkby (Dorinda) in fuller voice than I've ever heard her. Lynne Dawson (Angelica), Catherine Robbin (Medoro), David Thomas (Zoroastro) at their best. Also James Bowman, in the title role, right back on form. An unusual placing: the band right at the back, in a long double row, like an 18th-century pit band, a harpsichord and double-bass at each end; Hogwood on a chair directing; the singers frontstage, with plenty of space to move around in a "semi-staging." Splendid sound – for the first time I had no complaint about Fisher acoustics – and a very good performance.

Orlando is no rarity here: Nick McGegan has directed it in Baroque style, with Drew Minter the hero. Peter Sellars's exciting space-mission and Florida Everglades staging had a months-long run in Boston. In Handel year, Carnegie put on an all-star version, with Marilyn Horne in the title role, and she sang it subsequently in San Francisco and Chicago productions by Copley. The Academy version added something: a stylish command of Baroque practice, from both singers and players, seldom achieved by American groups.

Romeo and Juliet

SWAN THEATRE, STRATFORD-UPON-AVON

If Trevor Nunn's original idea about the Swan was to explore the repertoire and reinvent the rhetorical manners of the Royal Shakespeare Company, the first production at this year's snow-swept summer festival at Stratford-upon-Avon challenges his legacy on both counts. A mainstream war-horse has been served up in much the same old way.

Terry Hands's revival bodes ill for what is, on paper at least, an unexciting season. The RSC Stratford repertoire, or the first half of it, promises no stars and no risks. It is characteristic of the RSC's current artistic timidity that Juliet should be a promising novice, Georgia Slowe, whose first stab at the role last year was with Temba touring company in an imaginative relocation of Shakespeare's Verona in 19th century Cuba.

In Stratford on Wednesday night, the accent was on youthful fire being quenched by adult interference, not on the warring of two houses. The second half became a procession of adult complaint articulated in a dusky twilight. The scene between Peter and the musicians is scuppered by the insertion of some Farrah mausoleum bars and railings onto the stage that is supposed to be its own scenic explanation.

After the initial inaudible rumble on the streets, which leaves the audience not knowing who anyone is, the brash skirmishes assume a reasonably pulsating temperature. Mark Rylance, feeding something of Hamlet (which he gives on the main stage later this month) into the lovelorn Romeo, is a melancholic, tearful reject very much apart from his fellows. He has zest and amatory zeal, and an athletic prowess which comes in handy for scaling garden walls, shinning down a rope and, most notably, fighting his way into Juliet's tomb by flattening Paris (Michael Howell) with vicious weaponry.

Mark Rylance and Georgia Slowe

First sight of the Swan, a house of wrap-around balconies, prepares you for the romantic encounter, one of the top balconies festooned with hanging greenery. It is a joy to see this scene played in a truly unfettered architectural dimension, and on a bare stage, too. Here at least is a positive use of the scaled-up intimacy the Swan can offer. Otherwise, the fights and dances are very much as you would expect to see them.

Rylance is a much improved verse-speaking actor, but much of the play whizzes around him in shouts and alarums unattached to any scrupulous investigation of meaning. The approach only pays off in David O'Hara's mesmerising Mercutio, whose Glaswegian growl transforms the dire challenge "Tybalt, you rat-catcher" into a cue pregnant with disaster. O'Hara literally explodes into his own death, having energised the Queen Mab speech way beyond the usual poetic intonations.

We never really know where we are. The Chorus, doubled with Escalus by Rob Heyland, opens the action in a white floppy suit. The Capulets have an Oriental brutality about them. But then Margaret Courtenay's Mummersetshire Nurse ambles on dressed in an extraordinary range of outsized Laura Ashley with a Statue of Liberty bonnet. This Nurse certainly gets over the nasty side of her bigamous proposal, but the street goosing by Mercutio, for instance, is terribly artificial, though funny.

The Capulets of Bernard Horsfall and Linda Spurrier are devoid of any investigative nuance, and Patrick Godfrey is an adequate Friar.

You just feel that no-one has thought very hard, or for very long, about what they are doing. Or, indeed, why.

Michael Coveney

Mitsuko Uchida

QUEEN ELIZABETH HALL

At Miss Uchida's tempi, Schumann's Fantasy in C easily filled the first half of her recital on Wednesday. I've not heard the passionate opening movement so stretched out since a (very interesting) performance by Julia Cload. Uchida lavished dramatic rubato upon it, starting even with the sweeping main theme – where she read Schumann's notation literally as wanting no sustained basses – and later softened the dotted-note calls-to-attention in favour of extra lingering at byways. The central "legend-style" section, at unexpectedly strict tempo, seemed an alien insertion.

In the middle movement she sparkled: transparent part-playing in the long crescendi, the ultra-hazardous coda taken with flair and daring. The concluding *Langsam getragen*, however ("long drawn out" would be an unfriendly translation), was virtually immobile until the coda. Not inert, for Uchida invested all of it with tremulous feeling; but one could be fascinated and still regret an overall excess of close-focus sympathy over forward drive. Her tenderest insights might be accommodated beautifully in eight or ten minutes less playing time.

The rest of the programme consisted of Debussy's twelve Etudes, which were literally marvellous. Miss Uchida's energy, grace and teeming imagination have never been better found. Faced with the extraordinary range of Debussy's piano-inventions, most pianists would exhaust their paint-boxes halfway through, but hers seemed inexhaustible: the "Sonorités opposées" alone was a sumptuous canvas in multi-level hues, deep and haunting. None of that was mere colour-effect, for it served, like her teasing variety of pulse and rhythm – liable to spring an unexpected idea with a master-conjurer's smooth suddenness – to map a train of thought with dazzling precision.

Here, even the moments of "uchidisation" (a penchant for making quick finger-passages a touch whiter and brighter than is strictly called for) had vital purposes. Usually witty, as in the "Degrés chromatiques:" often one recognised the delight Debussy took in vaudeville turns. Such things, and much more, contributed to a grandly glittering "Arpèges composés," a gorgeous "Agréments," a technically superb "Notes répétées" spiked with mischief. If the "Octaves" had only a qualified *élan*, it gripped through incisive detail. The switches between sharp whimsy and limpid stillness in the "Quartes" were raised to higher tension in the final "Accords," terrific thrust against exquisite suspension. Altogether Miss Uchida seemed to have struck an ideal trade-off between virtuosity and selfless concern for musical sense, between a live, personal stamp and faithful re-creation of late Debussy's musical thought. Which is still underrated – but there is an Uchida recording on the way.

David Murray

Roméo et Juliette

FESTIVAL HALL

The Philharmonia is giving four concerts in nine days at the Festival Hall, three of them as part of the Adrian Boult celebration. Wednesday night's was the odd one out – Berlioz's *Roméo et Juliette* conducted by David Atherton.

It found the orchestra more alert than for Andrew Davis earlier in the week; much of the playing had character and a fine grain, and there were a number of passages when the evening promised to blossom into a truly memorable occasion. Atherton's attack upon the Introduction, full of urgency and pinpoint co-ordination, could have set the tone; it was followed by fine contributions from Alfreda Hodgson in the Prologue and Strophes – a little tremulous but beautifully measured and accented – and from the London Voices taking the semichorus. Performances of Berlioz's dramatic symphony are infrequent enough to require every one to be something special and that feel was there at the start.

Afterwards, however, the focus seemed to go, despite deft work from Philip Langridge in the Scherzetto and some nimble accounting by the Philharmonia in the Queen Mab music. The great orchestral set pieces, "Romeo alone" and the Love Scene – the crux of the symphony, as David Cairns's marvellously readable and enlightening programme notes emphasised – failed to get across the necessary emotional weight. The upwellings that should carry the Adagio to ever greater intensity fell back on themselves; Atherton's shaping was insufficiently rapturous, his rubato not communicably expressive, and the sound of the Philharmonia's strings simply too impersonal.

The decision to put an interval after the Scherzo hardly helped to maintain tension; *Roméo et Juliette* is emphatically a symphony and not an oratorio, and no longer than some Mahler works in which a break would be unthinkable; why then here? The remainder was efficiently delivered – Goldsmiths Choral Union supplied the chorus in the third part; Friar Laurence was sung by David Wilson-Johnson. Anyone who heard his thrilling account of the part under Roger Norrington in last year's "Berlioz Experience" will have looked forward to a repeat, but here he sounded under strain and histrionic in his attempts to inject dramatic pace into the proceedings. By then, though, that was already a lost cause.

Andrew Clements

ARTS GUIDE

April 7-13

OPERA AND BALLET

London

Royal Opera, Covent Garden. *La clemenza di Tito*, one of the Royal Opera's most admired Mozart productions of the postwar period, returns with its original conductor, Colin Davis. Stuart Burrows takes the title role. Luchino Visconti's famous 1958 production of *Don Carlos* is given a noble last-ever revival, conducted by Richard Armstrong, with a splendid cast including Samuel Ramey.

English National Opera, Coliseum. *Eugene Onegin*, an opera not previously given by the ENO at this theatre, is produced by Graham Vick and conducted by Mark Elder, with Jonathan Summers in the title role and Marie McLaughlin as Tatyana. More performances of Jonathan Miller's dark, handsome staging of *Don Giovanni*, with Steven Page in the title role; and of the first-ever Coliseum *Falstaff*, produced by David Pountney.

Milan

Teatro alla Scala. A repeat of Giorgio Strehler's production of Mozart's *Don Giovanni*, which opened last year's season, conducted by Riccardo Muti. The cast includes Ferruccio Furlanetto, Edita Gruberova, Mariana Nicolesco (alternating with Ann Murray), Sergej Koptchak, Susanne Mentzer, Claudio Desderi and Natale de Carolis. Michael Hampe's production of *Cosí fan tutte*, with Daniela Dessì. (80.91.26).

Rome

Teatro dell'Opera. The Opera's ballet company dancing the La Scala production of John Cranko's *Taming of the Shrew*, with Paola Catalini and Raffaele Paganini, conducted by Alberto Ventura (461755).

Parma

Teatro Regio. Alban Berg's *Wozzeck* conducted by Gunter Neuhold in Claude d'Anna's production, with scenery and costumes by Giantito Burchellaro. David Pittmann-Jennings sings the title role. (795678).

Naples

Teatro San Carlo. Beppe Menegatti has gathered a splendid cast to celebrate the centenary of the legendary Nijinsky's birth: extracts from *L'apres-midi d'une Faune*, *Le sacre du Printemps*, *The Sleeping Princess* and *Raymonda*, grouped together under the title, Nijinsky – memories of youth; danced by Carla Fracci and Ekaterina Maximova. (7972412).

Amsterdam

Muziektheater. The National Ballet in Peter Wright's adaptation of Petipa's *Sleeping Beauty*. The Netherlands Opera with Rossini's *Il Barbiere di Siviglia*, designed and directed by Dario Fo. Stephen Barlow conducts the Netherlands Philharmonic, with David Malis as Figaro, Louise Winters as Rosina. (255 455).

Vienna

Volksoper. In repertory: *Die Zauberflöte* conducted by Konrad Leitner; *Die lustige Witwe* conducted by Rudolf Bibl; *Cosi Fan Tutte* conducted by Bruno Weil; *Tiefland* conducted by Diefried Bernet; *La Bohème* conducted by Ernst Maerzendorfer; *Gasparone* conducted by Rudolf Bibl; *Kiss me Kate* conducted by Konrad Leitner (51444. ext. 2662).

Hamburg

Staatsoper. Wolfgang Rihm's opera *Die Hamletmaschine*, produced by John Dew and premiered last week is an important contribution to the development of modern opera. *Fidelio*, conducted by Nicolaus Harnoncourt features Ana Pusar. *Cav and Pag* stars Julia Varady, Giorgio Lamberti, Piero Cappuccilli, Wladimir Atlantow, Natalia Troitskaya and Olive Fredricks. Also in repertory: Harry Kupfer's wholly delightful production of *Belsazar* with Helen Donath, Walter Raffeiner, Harald Stamm and Carmen Anhorn.

Frankfurt

Opera. *Tosca* returns with Galina Kalinina in the titlerole, Seppo Duohonen (Cavaradossi), Robert Hale (Scarpia) and Franz Meyer. *Der Barbier von Sevilla* is well sung by Zehava Gal, Michal Shamir, Bodo Schwanbek, Rodney Gilfry, and FranzMayer. *Dido und Aeneas* is a well done repertoire performance.

Cologne

Opera. *La Traviata* brings Maria Spagcagna, Fernando de laMora and Brent Ellis together. Cologne honours the great producer Jean-Pierre Ponnelle, who died last year, by restaging the complete Mozart cycle of seven operas, all produced by him. This week's performance includes *Die Entführung aus dem Serail* with a strong cast led by Mariella Devia. *Faust*, sung in French rounds off the week.

Stuttgart

Opera. *Dornröschen* has wonderful Marcia Haydeechoreography. *Andrea Chenier* brings Giorgio Lamberti, GabrielaBenackova-Cap, Helene Schneidermann and Raymond Wolansky together. *Fidelio* has a strong cast led by Lisbeth Balslev. Further offered *Die Entführung aus dem Serail* and *Jenufa*.

New York

Metropolitan Opera. Benjamin Britten's *Billy Budd* continues with Thomas Allen in the title role, James King as Captain Vere and Jan-Hendrik Rootering as Claggart, conducted by Thomas Fulton. Sumi Jo replaces Hei-Kyung Hong as Gilda and Leo Nucci continues in the title role of *Rigoletto*, conducted by Nello Santi. Lincoln Center Opera House (362 6000).

Washington

American Ballet Theatre. While Mikhail Barishnikov performs in *Metamorphosis* on Broadway, his company premieres his new staging of *Swan Lake* as part of their mixed spring repertoire. Ends April 16. Kennedy Center Opera House (254 3770).

Tokyo

Hamburg Ballet. *As You Like It*. Tokyo Bunka Kaikan (Wed,Thurs) (369 9999).

SALEROOM

Records for Russian art

Sotheby's continues to have a splendid week. After its record auction of Impressionists on Tuesday, with the British Rail Pension Fund pictures proving that art can be a fine investment, there was a record auction of 20th century Russian art yesterday, which totalled £3.5m, with only 3 per cent unsold.

Mr Gorbachev's visit was a happy promotional co-incidence, but there were plenty of Russians in the saleroom, as spectators. The top price, and a record for any 20th century Russian picture, was the £759,000 paid by a private collector for "Composition (Genoa)" by Alexandra Exter. It was completed in 1912 when Exter was travelling in Europe and painting a series of visions of cities. The price was almost twice the estimate.

Another record was the £473,000 for "Painterly Architectonic" by another woman artist, Liubov Popova, one of the leaders of the Suprematist and Constructivist movements. It was first exhibited in Moscow in 1916. Another painting from the same series realised £374,000, to the London dealer Leslie Waddington who also bought a third from the group for £264,000.

A painting carrying the same title by Ivan Kliun went to a private buyer for £170,500 while there was a record for a Russian work of art on paper of £118,000, paid for "Suprematist Composition" by Kasimir Malevich. Typical of the good prices at this extraordinary sale was the £137,500 paid by a Swiss collector for "Composition" by Alexander Rodchenko which made £137,500, as against an upper estimate of £40,000.

Christie's too had something to celebrate, its best ever sale of contemporary art in London, with a total of £4,718,505 and only 5 per cent unsold. There was a splattering of records, most notably the £374,000 paid for a grey canvas with a touch of yellow in one corner entitled "Grand gris signe noir" by Antoni Taples.

Other records were the £187,000 for "Composition rouge, jaune et bleu" by Serge Poliakoff and £165,000 for "T-1956-57," some black swirls on a grey background, by Hans Hartung. A mobile by Alexander Calder, 65 inches high, fetched £264,000; and two works went for £209,000 – another Calder mobile, this time mostly white, (its title) and a typical Lucio Fontana, a red canvas with six cuts across it.

Antony Thorncroft

FINANCIAL TIMES
NUMBER ONE SOUTHWARK BRIDGE, LONDON SE1 9HL
Telephone: 01-873 3000 Telex: 922186 Fax: 01-407 5700
Friday April 7 1989

The Bretton Woods twins

SQUABBLES HAVE been breaking out between the twin children of the Bretton Woods Conference of 1944, the International Monetary Fund and the World Bank. They both wish to play with the debt crisis and, like children, find it difficult to share their most precious toy.

Better behaviour might be expected of two institutions now in advanced middle-age. But it is not that surprising, since both have entered a mid-life crisis. The IMF is in particular difficulty because it has lost its exchange rate empire and needs a new role.

Following the breakdown of the Bretton Woods exchange rate system, the main activity of the IMF has been *vis à vis* developing countries. Ironically, in the second half of the 1970s the *IMF facilitated* "recycling" of the surplus funds of oil producers; in the 1980s it found the "debt crisis", itself the fruit of recycling.

But the "debt crisis" is no short-term balance of payments problem. Consequently, the IMF has found itself increasingly interested in the allocation of resources in developing countries. Meanwhile, the World Bank has learned that project lending is doomed to failure when markets are distorted and public finance is profligate. Overlap between the two institutions is increasingly unavoidable.

For the IMF, retention of a leading role in managing the "debt crisis" is almost a matter of life and death. The World Bank can take a more relaxed attitude, since its principal function – development lending – is in no danger of disappearing. Since the IMF has had by far the more competent leadership in the 1980s (for which appointments to the World Bank's presidency by the US bear the blame), it has also won most of the tussles – as it appears to have done yet again.

Different perspectives

If the Bretton Woods conference were held today, the IMF would probably not be reinvented. But there is merit in the tension between the somewhat different perspectives of the two institutions, neither of which has shown any monopoly of wisdom.

None the less, the advice of these institutions should not be in direct conflict, since they have become the most important interlocutors between developed countries and the highly indebted countries. It is particularly undesirable for a borrower to be allowed to play one institution off against the other or simply to go behind the IMF's back to the World Bank, as is alleged to have happened in the case of Argentina.

Bureaucratic lines

The IMF's case should be conceded this far, but no further. It is foolish to try to confine the boundaries of economic analysis within bureaucratic lines. Macroeconomic issues are inextricably linked to questions directly affecting the Bank and resource allocation to issues concerning the Fund. Analytical overlap is not merely inevitable, but desirable.

Moreover, conventional macroeconomics is simply not enough where economic development is concerned. The required time horizon is longer; and specific policy instruments, above all those of trade policy, have to be changed radically, an area of prime concern to the World Bank.

It would be quite wrong, therefore, for the IMF to be granted clear primacy, particularly *when its activities in the past few years* have been notable more for propping up the *banking system than for rescuing* indebted countries. Partly for this reason, the IMF is unwelcome in many *borrowing* countries, while the World Bank has an easier entrée.

The twin institutions are experiencing a reversal of the normal separation of Siamese twins. They must get used to working more closely together without one dominating the other. However difficult this task, there is no practical alternative. If the IMF proves unable to manage co-operation between equals, policy-makers should threaten it with division of its functions between the World Bank and, in the case of international macroeconomic co-ordination, the Organisation for Economic Co-operation and Development.

The reform of legal services

"NO ONE should be judge in his own case," a maxim as old as law itself, is likely to be frequently violated when the House of Lords debates the Lord Chancellor's green papers on the organisation of the legal profession today. Of the 60 or so Lords who will wish to take part in the debate, many are barristers and judges. They will plead the case of the Bar, their own club. Their views cannot be regarded as impartial judicial wisdom.

The crucial proposal of the green papers is a removal of barristers' monopoly of appearance in higher courts and of higher judicial appointments, and a simultaneous removal of the solicitors' monopoly of the clients who cannot under present rules approach a barrister directly. The solicitors do not seem to mind the loss of their monopoly, *but the Bar does.*

In the noisy protests of the Bar there is one substantial argument: *that a complete merging* of the legal profession would leave no specialist freelance advocates *available for* consultation and court appearance to the smaller generalist law firms, *mainly in the provinces.* It follows logically from this premise that such smaller law firms *would be unable to* provide adequate service to clients and would in due course *have to merge or close down*, thus reducing client choice and the availability of lawyers in the provinces.

However, the premise is false. Top barristers are unlikely to give up their highly lucrative practice. The beginners might be attracted by the greater security, remuneration and – above all – better training they may find in a solicitors' office, but *significant* numbers of these disappointed juniors have already deserted the Bar, *preferring* employment in a law firm or as staff lawyers in a business or public organisation.

Barristers' choice

Experienced barristers of varying degrees of ability will have a choice of whether to stay or to try to find a new home in a law office, which will not be always easy. Surveys conducted by organisations of City solicitors reveal that the majority of their members do not intend to employ barristers and, indeed, many do not intend to take up advocacy.

Some barristers may join law firms only to return to the Bar later enriched by the experience. Some solicitor-advocates may specialise and form small practices available to clients and generalist law firms in the same way as barristers. In this way the allocation of talent and specialisation will be determined by demand, rather than by the availability of tenancies in chambers, nepotism and the impresario-clerks of the chambers.

Free market

This view is reinforced by the US experience. Its relatively free market for legal services produced, without any regulation, a category of expert trial attorneys practising singly or in small firms of up to 10 partners. They may not be as highly specialised as some London *barristers are, but the best* of them can hardly be bettered in oral proceedings and their *written work is probably better* than can be found anywhere.

Critics have raised the bogey of *governmental interference* with justice if advocates are required to have a proper qualification. *Instead of being* "called to the Bar" after a short and sometimes ineffective *pupillage*, and *if* the professional codes of conduct have to satisfy minimal statutory requirements. *This belongs to* the realm of public relations fantasy. Indeed, the release of market forces would diminish the significance of the patronage which the Government can now exercise by the appointment of Queen's Counsel and judges. These would be recruited from a larger base and would enjoy a better career structure.

Of greatest importance, however, is the opening of the door to further reforms in legal procedure, *in substantive law* and in the method of lawyers' remuneration. All of these are necessary to reduce the cost and delays of litigation, to encourage early settlement of disputes and to promote the greater certainty of law. Yesterday's announcement by the Lord Chancellor of a five-year plan for the implementation of the Review of Civil Procedure is evidence that the Government is ready to take the first *steps through the open door.*

Gary Mead reports on the tense political atmosphere in Buenos Aires

The past catches up with Argentina

Just over a month from now, on May 14, Argentina votes for a new president. The race will be close, and the result will almost certainly leave confusion in its wake. The ensuing squabbles, recriminations and in-fighting will further confirm the maliciousness of history; one of the world's potentially richest nations will take a further nosedive into Third World status.

Fear of the future haunts the cafes and restaurants of bustling Buenos Aires. Only politicians keep their electoral campaign smiles rigidly fixed in place. The rest of the population is calculating the cost of voting for either of the main candidates, both of whom lack the unanimous support of their own parties.

The main cause for concern is that no candidate looks like winning easily, cleanly or with a handsome majority. Nor do any of the candidates or their party supporters appear genuinely interested in working towards a government of national unity or consensus.

The new president will be forced to govern from a position of minority weakness in the face of almost overwhelming problems. Those include a restless and poverty stricken army; a shattered domestic economy in its most serious recession for a decade; isolation from the International Monetary Fund (IMF) and commercial banks; and, most debilitating of all, cynicism from the two-thirds of the country which voted in another direction.

Between now and December – when the newly elected president is due to take office – *Argentina will* face its most difficult days since the 1982 Falklands War. Such is the legacy of President Raúl Alfonsín – whose surprising election in 1983 was intended to eliminate both fear and fecklessness.

Currently leading the polls is the Peronist candidate, Mr Carlos Saul Menem. He offers the voter what he calls a "productive revolution," a vacuous promise of improved living standards and restored national self-respect. Precisely how that is to be achieved has yet to be clarified. As such, Peronism's offer is little different from when it last won national power under General Peron in 1973. Peronism is as riddled with internal factional disputes as ever, with the degrading spectacle of a hundred different functionaries squabbling with one another over who is best placed to properly and accurately interpret what Mr Menem actually stands for.

As always, what a Peronist leader promises and what he might actually do are two very different things. But the "productive revolution" is likely to include a foreign debt moratorium, greater public spending and a fiesta for trade unions. Those pledging their vote for Peronism do so in a fog of mythology and in a mood of vengeance for what is perceived to be five *wasted years under President Raúl* Alfonsín of the Radical Party.

But if Mr Menem's promises are *shrouded in fog, his main rival for the* presidency – *Mr Eduardo Angeloz*, nominated by President Alfonsín for *the Radical Party* – *is battling* against an avalanche of already-achieved failure. An authoritative *opinion poll last week gave* Mr Menem 35 per cent and Mr Angeloz 31 per cent of prospective votes, with 23 per cent undecided and the other 11 per cent divided amongst smaller parties. Given Peronism's authoritarian past, its dismal record of managing a large economy and the rapidly diminishing personal credibility of its presidential candidate, why *is* Mr Angeloz failing to romp ahead?

He has made a successful job out of running the second most important province, Cordoba. He has an appealing personal image, untainted by rumours of corruption – a remarkable achievement for a contemporary Argentine politician. Yet he will still require a miracle to win sufficient votes to form a majority Radical administration after May 14.

The answer is to be found in the undisguisable failure of five years of Radical Party government under Mr Alfonsín. Mr Angeloz's chances of winning an outright majority were always slim but his party's daily worsening economic performance has brought a slump from its high-tide 1983 popularity to the mud-flats of near universal contempt.

Mr Alfonsín's most serious failure is the lost opportunity to unite a volatile and battered nation and insert democratic instincts into its bloodstream. A major army rebellion every *six of the last 18 months, increasingly* widespread examples of high-level corruption, a failure to implement *major economic reforms, provincial* governors illegally printing their own money because they are broke and *unable to* pay wages *in national* tender, have brought the Radicals low.

Mr Alfonsín promised to punish all *military officers guilty of human* rights abuses under the last military dictatorship. He vowed to profession*alise and de-politicise* the armed forces. He undertook to move the national capital 600 miles south to the small town of Viedma, in order to break up the strangulating hold which Buenos Aires has over Argentine political, commercial and administrative life. He promised reform of the state by cutting massive overmanning and *Ruritanian*-style wasteful overspending. He expressed determination to reach a new and, for Argentina, more satisfactory accord on the country's foreign debt.

Most of those tasks have yet to get off the ground. Buenos Aires retains its garotte over Argentine commerce; Viedma is still sleepy; the foreign debt has grown by more than 25 per cent and this year's due interest payments on its \$60bn (£35bn) will perhaps be more than the country's total foreign earnings.

While Mr Alfonsín's government achieved a peacefully negotiated settlement in 1984 with Chile over the Beagle Channel, the context in which he hands over government further postpones good relations with Britain, formerly one of Argentina's best trading partners. Perhaps *his most successful* and socially valuable reform was to persuade Argentine politicians *to pass legislation permitting divorce.*

His place in history may owe nothing to any of these matters. His great*est achievement may simply be that* he will be the first democratically elected Argentine president in six *decades successfully to hand over* the baton to another democratically elected president.

His failure is that much more surprising because when he took over from a caretaker military dictatorship *in 1983 he did so with enormous* domestic and international sympathy. A popular civil president, whose biggest *claim to fame* had been *his* work as a lawyer defending human rights activists, made it difficult for foreign politicians to brush aside either Argentina's claim to the Falklands or its pleas for debt leniency. Doors – of the *IMF*, the *United Nations*, private business – began to open.

But Argentina's complicated disease proved highly resistant to good intentions. A surgeon was called for and Mr Alfonsín is now regarded by a majority of his fellow-countrymen as something of a quack. He looks set to pass on a nation lurching towards ungovernability.

Relations with the IMF and commercial banks have rarely been worse. Argentina has paid only \$100m interest on its \$60bn foreign debt since April 1988. In reality a debt moratorium is already in place. Hopes that the IMF – which had already seen agreed fiscal deficit targets repeatedly broken – would extend a fresh stand-by loan of \$2bn, and bankers \$3bn, have come to nothing. *Neither bankers nor the IMF are willing* to consider any real moves until they have had a good look at the perfor*mance of the next administration.* That postpones solutions until 1990, while the economic crisis is unlikely to be that patient.

Only the World Bank, under considerable pressure from a Washington *anxious to see Argentina remain in* Radical Party hands, conceded a new loan of \$1.25bn in October. Even the World Bank *had second thoughts* this year, when it suspended disbursement of \$350m related to reforms in the banking and financial sectors. Argentina is now \$2.3bn in arrears, a sum which grows by \$200m every month.

With more than 400 per cent *inflation* last year (and a total since March 1985 of 8,400 per cent), real wages cut by 23 per cent in the last four years, interest rates which rarely drop below a monthly 25 per cent, Argentine workers, business and farmers are all considerably worse off than 6 years ago. The austral, the Argentine currency, has depreciated sharply since February this year – by 180 per cent. Barely repressed *hyper-inflation* of more than 20 per cent per month has broken through again.

Falling tax revenues and failure to cut current public spending has meant that the public sector now loses \$8.5m every day. Even sympathetic officials of one particular international financial institution are privately saying that the state railway – a \$2m per day loser – "should be closed down".

Among Mr Alfonsín's promises was that Mr Juan Sourrouille would be with him, as economy minister, until the very end. That undertaking went the same way as many others. Mr Sourrouille resigned on March 31, after just over four years in the job. His replacement is 74-year-old Mr Juan Carlos Pugliese, who by his own admission knows little of economics. Mr Pugliese's last attempt at running the economy was 25 years ago; as a embittered Argentine put it: "It's rather like asking Sir Alec Douglas Home (the British Prime Minister until 1964) to come back and sort out the unions."

There are two powers in the land which threaten to exacerbate the crisis, if their deeply entrenched interests are touched by the sort of government Mr Alfonsín – and now Mr Angeloz – had in mind. Organised labour, particularly in the public sector, promises major confrontation if any government – Radical or Peronist – tries to impose necessary Thatcher-like reforms.

Argentine trade unions are not interested in Mr Angeloz's idea of an unemployment benefit scheme, *not* because *they* like work but because welfare benefits would go to the individual, not the union. With a dole system Argentina could begin to dismantle a bloated state sector with minimal suffering to the unemployed. But that would erode union power; and the union leadership have more determination, and perhaps firepower, than those who opposed Mrs Thatcher.

With trade unions Mr Alfonsín has shown what some call a remarkably democratic, and others a craven spirit. None of the 13 general strikes called under his government has been declared illegal. To attempt the dismantling of union power in Argentina is to walk a short plank to confrontation. The Radicals have yet to chop down the tree to make the plank.

The other non-elected power is the army. Last December Colonel Mohamed Alí Seineldín staged the third and most serious rebellion in 18 months. Like the previous ones, it ended with little bloodshed, and, according to President Alfonsín, with*out* any deal having been struck. No one believes him, since one of Colonel Seineldín's key demands was the *sacking of army chief of staff* General Dante Caridi, before December 23. That wish was granted.

*Colonel Seineldín – and the over*whelming majority of the army which backs him – is now waiting for May 14. He *is thought to have been* promised an amnesty by Mr Menem. If Mr Angeloz wins and does not follow that path, we may expect *another and this* time more serious rebellion.

The political and economic atmosphere in Buenos Aires is now highly unstable. Whichever of the two main parties is the narrow loser will feel robbed, and although a coalition of sorts may be possible, the inner tensions of both parties are such that this would crumble within weeks rather than months. The massive daily queues outside the Italian – and other consulates – formed by Argentines hoping to cash in their claims to citizenship of other countries are perhaps the most vivid testimony to doubts that 1989 will have a happy ending.

OBSERVER

Present from Sotheby's

■ The relationship between Sotheby's, purveyors of capitalism at its most rampant, and the Soviet Union, gets warmer and warmer. Today Lord Gowrie, London chairman of the auction house, will present to Raisa Gorbachev just what she's always wanted – a portrait of Czar Peter III by Rokatov.

Sotheby's bought the painting in London with its own money and is handing it over as a thank you to the Cultural Foundation *of Moscow for its* co-operation in the success of Sotheby's sale of contemporary Soviet art in Moscow last *July, which* raised £2m, with most of the money going to the Soviet Government.

Along with the portrait, the Soviet First Lady receives something much more valu*able: Turgenev's working* manuscript for his masterpiece Fathers and Sons, conceived *at all places in Ventnor the* Isle of Wight, which the writer visited in 1860.

The *manuscript disappeared* from sight, but was recently offered to Sotheby's for sale and slotted into a May auction, with an estimate of around £500,000 placed on it. The Soviet Government immediately expressed an interest and Sotheby's has managed to *negotiate a private deal* with the owner, probably with a discount for glasnost.

Entirely *by coincidence* the Gorbachev visit has come at the same time as Sotheby's *sale of 20th century and avant* garde Russian art. It proved a resounding success yesterday, *bringing in over* £3.5m. A number of records were broken, including a price of *£759,000* for a painting by Alexandra Exter, one of the many women artists thrown up by the creative turmoil in the years just before the 1917 Revolution.

There were Russians aplenty in the room, as spectators, and the auction was filmed by a Soviet television crew which has spent all week in Bond Street explaining the workings of an auction house to Soviet viewers. The entente takes a step forward in Zurich in the autumn when Sotheby's will hold another sale of contemporary Soviet art.

Cricket odds

■ Worcestershire start the county cricket season as favourites to win everything in sight. They are at 4-1 in the County Championship, and *5-1 in both the Benson* and Hedges and NatWest competitions. No other county comes *close to that, although* watch Lancashire which is 7-1 for the county championship, joint 6-1 (*along with Middlesex*) *for* the NatWest, and 8-1 for the Benson and Hedges, along with *Middlesex* and *Essex. The bet*ting on Essex for the championship is 8-1, again the same as Middlesex.

Total outsiders for the championship are Glamorgan at 100-1, *but Sussex look* like an interesting bet at 50-1. Ladbrokes said yesterday that *not a great deal of money has yet* been staked, so the odds could change when the weather improves.

Close thing

■ Francis Maude, the junior minister at the Department of Trade and Industry, was somewhat surprised on Wednesday to find himself sitting down to dinner at the same table as the Chairman of Harrods, Mohamed Al-Fayed.

The situation arose at a gala dinner at the Grosvenor House Hotel in Park Lane in the presence of Queen Margrethe of

"I see Leon Brittan's into a spot of Glasnost now"

Denmark, who is in London to help launch the "Denmark in Britain" trade drive.

Maude and *Al-Fayed were* seated at one of the two Royal tables, together with the Queen's Consort, Prince Henrik, while Mrs Al-Fayed was seated at the Queen's table.

One of the Queen's first engagements was to open a Danish consumer goods' pro*motion at Harrods yesterday* evening. To avoid any further embarrassment to the Queen, *the Danish organisers* and Harrods endeavoured to keep UK press photographers away from the reception.

Maude was not told that Al-Fayed would be at the dinner, let alone seated at his table. The Danes, who arranged the dinner months ago, were afraid that the minister would decline to be present had he known that Al-Fayed would be there. As it was, Maude left as soon as the dinner and the following entertainment – by, among others, veteran Danish-American comedian, Victor Borge – was over.

Gloves on

■ Nice to know that those *attending President Gorbachev's* speech at the Guildhall this morning will be properly dressed. The *official invitation* from the Corporation of London to an Address by the Gen*eral Secretary of the Central* Committee of the Committee of the Soviet Union, Chairman *of the Presidium of the* Supreme Soviet of the Union of Soviet Socialist Republics *states at the bottom: "Ladies* Day Dress with Hat and Gloves".

Pots of it

■ Our note about two cups of coffee at London's Howard Hotel costing £5 has led to a number of queries to the hotel's headquarters. Michael P Day, the Director and Company General Manager, says that the point is that the Howard does not serve coffee by the cup. It comes in pots. Each pot provides about three cups. You can also have as many biscuits as you like without extra charge. Moreover, there are free copies of the Financial Times to go with them. Day says that the hotel takes 120 copies a day to give to customers. The Howard Hotel in New York and the Hotel Mirabeau in Monte Carlo provide a similar service. Non-residents are expected not to remove the FT from the hotel, though they sometimes do. So if you want to read the paper, drink three cups of coffee and eat a lot of biscuits, the cost is £2.50. It just happens to cost the same if you want only one cup and nothing else.

Well tested

■ An *elderly farmer's young* wife was making a list of supplies to order from the vet: "Tom," she asked him, "what's the name of those pills we give the bull to keep him up to scratch?" "Don't remember," he said, "but they taste of peppermint."

POLITICS TODAY

Recorded crime (thousands)
England & Wales

	1978	1980	1982	1984	1986	1987	1988	1978-88 % increase
TOTAL of which:	2561.5	2688.2	3262.4	3499.1	3847.4	3892.2	3715.8	45.1
Theft and handling stolen goods	1441.3	1463.5	1755.9	1808.0	2003.9	2052.0	1931.3	34.0
Burglary	560.1	618.4	805.4	892.9	931.6	900.1	817.8	46.0
Criminal damage	306.3	359.5	417.8	497.8	583.6	589.0	593.9	93.9
Violence against the person	87.1	97.2	108.7	114.2	125.5	141.0	158.2	81.6
Robbery	13.2	15.0	22.8	24.9	30.0	32.6	31.4	137.9
Sexual offences	22.4	21.1	19.7	20.2	22.7	25.2	26.5	18.3

Damned lies and crime statistics

By Joe Rogaly

Looked at through American conservative eyes, Britain's Conservative government is turning soft on crime.

Its internal watchword is "crime management," by which is meant the proposition that there is only so much that can be done to control what is after all a universal phenomenon – and that what is done should be cost-effective. The phrase "crime management" is well-known to civil servants and some ministers, but nowadays they avoid using it in public and hardly ever speak it in private. Tories who hope to succeed must look, and sound, tough on criminals. Yet even Mrs Margaret Thatcher's own Conservative think-tank, the Centre for Policy Studies, has just published a paper that postulates a reduction in the number of people kept in prison, on the ground that in most cases it is useless to put them there. (It is called "Custody reconsidered." I'll get back to it in a minute.)

There is little evidence of such tender-heartedness among American conservatives. Perhaps the least overtly charming of their think-tanks is the Heritage Foundation, which has produced a 972-page volume of advice for the Bush administration. It is not too keen on habeas corpus, and seems quite enthusiastic about capital punishment, but we can leave the nastier paragraphs on one side. What is more interesting, from the British point of view, is its quotation from a US National Institute of Justice study, which tells us that the cost of building a new cell and maintaining a prisoner in it is $25,000 a year. "Yet," says the Heritage Foundation's writer, referring to the same source, "new crimes committed by each released prisoner cost society about $430,000 in victim losses." The latter includes damages, legal costs, and private security expenditures.

Assuming their figures are right, the economic case is therefore unanswerable. If they are talking about crimes of violence the social case for locking the worst of the violent thugs up and throwing away the key is just as strong. The Heritage Foundation believes that using private management will cut operating costs even further – by perhaps $700,000 per year per prison. That is more difficult to sell over here than over there, but Mr Douglas Hurd, the Home Secretary, is moving towards putting out tenders for the private management of remand prisons.

The US conservatives' advice to Mr Bush is not all one way. When it comes to "less dangerous" offenders, that same Heritage Foundation report calls for fines, community service, or "residential incarceration" (by electronic tag?). This is meat and drink to the Home Office. There is also a trans-Atlantic convergence of conservative ideas on the rationalisation of sentencing. The US side supports the federal Sentencing Commission, which issues guidelines to judges. In Britain the CPS report on custody, to which I said I'd get back, calls for something very similar.

Written by Professor Andrew Ashworth of King's College, London, its starting point is that imprisonment serves little purpose; all it does is meet the assumed public demand for criminals to be punished. It does not act as a powerful deterrent. It does not reform the offender. "On the contrary, it is seen to act as a breeding ground for crime." The Home Office has been saying this for years. It has also been encouraging ministers to change the rules so that sentences might be reduced. What has happened, the Ashworth study indicates, is that the judges have moved in the opposite direction. The prison population has grown from 32,000 in 1968 to a more or less stable 50,000 or so now. The average length of custodial sentences imposed by the Crown Court has grown from 17 months in 1980 to nearly 19 months in 1987.

Professor Ashworth's answer is a Sentencing Commission. It would develop and issue guidelines to the courts. It is assumed that they would respond with more consistent sentencing. This would not amount to interference with the independence of the judiciary. What kind of guidelines? In the Professor's view, "prison must be confined to the uses for which it is fit: the removal from society of really serious offenders who deserve it." Non-custodial sentences should, he indicates, be more demanding. It is a rational enough prescription. It is easy for the Professor to issue it. He does not have to sell it to a Tory Party conference.

Mr Hurd would not try to do so, at least not head on. He has, however, done a very good job indeed of soothing general public opinion about crime. He was quite well received, for a Home Secretary, at the most recent party conference. He has been assisted by Mr John Patten, who should be called the Minister of State for (I can say it) crime management. In this spirit, the steady stream of Home Office research publications is still in the direction of a sensible approach. This is true of this week's report on "lager louts", which describes how some young men, often out of work, make trouble after a night in the pub. The Prime Minister would not like to be told that her social policies contribute to this effect; one implication of the report is that brawls after closing hours are a matter for local communities to solve. This would be easier if the Government had not done so much to destroy locally-elected authorities.

More to the point, the process of selling crime management without speaking its name could turn out to be politically counter-productive. The Government has spent so much energy and money telling people to watch out for thieves that fear of them has risen sharply. Mr Hurd says that the fear may be as serious as the crime. It can, he says, "stunt and cripple the lives of law-abiding folk." (That is nothing to what it can do to politicians regarded by the voters as soft.) The Home Secretary has therefore put Mr Michael Grade, Chief Executive of Channel 4, in charge of finding out how to reduce the fear.

To those who respond – how about reducing the crime? – the standard answer is that, if you believe the statistics, Britain is getting crime under control. It fell by 5 per cent in England and Wales last year, following an average increase of 5 per cent a year since 1980.

Can you believe the statistics? I don't see why you should. For nearly a quarter of a century the Home Office, which collates these numbers, has been doing its best to convince us that the apparent growth in the number of crimes is partly an illusion. Only a small proportion of petty crimes gets reported to the police, and the share of those that they record depends upon how many desk officers are around and how diligent they are. Thus the increase in *recorded* crime may be far greater than the increase, if any, in *actual* crime. If there is a bit more thievery and burglary around it is the product of the growth in population or other natural causes and anyway far smaller than the records so misleadingly seem to indicate.

I have believed this story every time I have heard it over the past 25 years or so. I have even repeated it in these columns from time to time. It sounds right. I have most recently accepted it in the case of rape. The number of rapes notified to the police has more than doubled over the past 10 years. The Home Office says that much of this increase reflects changes in police practice, especially in London. Officers who in times past may have turned away many reports of violent sexual assault are now more understanding, so it is said.

The result is that victims are less reluctant to report such crimes. If you go to the Home Office you will still hear this opinion of the rape statistics. It sounds right. Recent studies by its research unit suggest that 60 per cent of rapes are by men known to the victim, either as intimates or acquaintances. Curiously, the number of *reported* rapes has fallen slightly in an inner London sample (Islington and Lambeth), although the police have accepted more as definite crimes. Thus *recorded* rape has increased. Clearly the old scale of lies, damned lies and statistics has one step lower to go – criminal records.

The Home Office is nevertheless quite pleased with its latest figures. The downward trend is thought to be real(ish), and due to a number of factors. One might be the development of "crime prevention" schemes. These include Neighbourhood Watch, more advice on using locks, bars, and burglar alarms, and more recent concepts like using design to make housing estates more crime-proof. Intelligent design can do the same for cars, shops, schools and practically any public place. What Mr Hurd and Mr Patten seem to have been unable to do is persuade the Treasury that there is a net cash benefit in putting concierges in council blocks, or more police on trains and subways.

Another Home Office favourite is victim support, which it helps to fund. The first scheme was started in Bristol in 1974; today there are some 350 in operation. The help, by trained volunteers, may involve repairs to property, or advice on how to get compensation, or a form of psychotherapy. Last year some 328,000 victims, mostly of burglary, were referred to these voluntary agencies.

The most relevant factor may, however, be demographic. Most crime is committed by teen-aged boys. The growth in the number of teen-aged boys has slowed down and gone into reverse. There are fewer of them around, and there will be fewer still in the next couple of years. This simple fact is thought likely to overcome the long-term postwar growth in the number of crimes per 100,000 population, which has shown a steady upward trend in most years. Neat, isn't it? With just a little bit of luck, the Government will be able to dodge the tag "soft on crime" and proudly announce a fall every year until, say, the next general election. It may take all of Mr Grade's presentational skills to make us believe it.

LOMBARD

Nationalism is not enough

By John Lloyd

THERE IS a great speech waiting to be made. It must be made by a senior opposition – probably Labour – politician. The title would be: "Why the kingdom should stay united."

It would be a tremendous political occasion. But I cannot think how any senior opposition figure could rise to it – not because they are incapable of rising to occasions, but because it is hard to know what they would rise with.

The challenge is in the phrase now being used by the Scottish National Party (SNP): "Independence within Europe." Why stop there? What is the argument against going the whole hog? What is the argument, now, for the Union?

Conservatives have it relatively easy here. They invoke Queen and constitution, the sovereignty of Parliament, historic unity, common sacrifices, regeneration of the UK economy with effects in its peripheries as well as at the centre, and the fact that the Scots, the Welsh and especially the Northern Irish are all subsidised from the English purse.

But opposition parties are shot through with Celtic influence. Labour is led by a Welshman; and there are five Scots in the shadow cabinet. (Mr Tony Blair, the youngest shadow cabinet minister, is of Scots parentage and education; Mr Bryan Gould, Labour's chief thinker, is a New Zealander with a Scots name.) The Liberals were formerly led by a Scot, Mr David Steel; they are now led by a Cornishman (Paddy Ashdown) with a Scots deputy (Alan Beith). The Social Democrats were first dreamed up by a Welshman (Roy Jenkins) and are now led by a West Country man with a Welsh name (David Owen).

The Labour Party has held out different arguments for the Union: that it would achieve socialism in Britain, only achievable with a united working class. And the working class *has* been united, most of all through trade unions, organised on a national basis, in which Scots and Welsh have been disproportionately represented at top levels.

Opposition leaders with experience of being "fringe British" in their bones must now address the question: why should not Scotland, Wales and Northern Ireland seek independence within Europe?

The first two are (or say they are) deeply alienated from a Government they see as southern English. Scotland has retained its separate judiciary, legal system, church, and culture. Wales has retained a language (in parts) and is more militantly anti-English.

The old argument to stick together in order to win socialism in one nation has disappeared – it did so the instant Mr Kinnock swung the Labour Party round to Europe. (Northern Ireland is something of an exception: the majority actively want the right to remain British, but the Anglo-Irish agreement is the unequivocal sign that the latest Westminster party to guarantee its Britishness – Conservative – is politely waiting for the Unionists to draw the obvious conclusion and sidle up to the Irish Republic.)

So why not independence?

The "bottom line" response is that constituent parts of the UK would immediately be poorer: in Ulster's case, very much poorer. But in the longer term? With good infrastructures, high levels of education, and the bursts of energy independence might give? Could it be worth the risk? And is this bottom line, in any case, the only reason for the Union now?

It is easy to think of arguments against nationalism – Scots and Welsh versions are already impregnated with a vainglorious whingeing, legitimising every kind of rhetorical and bar-room excess about "the English." Modern Scotland was in part constructed by people who thought of themselves as North British (as against the then detested Highlanders). Wales never had the institutions of nationhood. None of the nationalist parties have attracted politicians of the first rank: these have largely remained Labour.

But these are points against nationalism. The issue for the putative speechmaker is the positive, contemporary, unionist argument: why be British rather than English, Scots, Welsh and Ulster Europeans?

There may be a very good answer to that. But it has not been seen about, recently.

LETTERS

Privatising UK water

From Mr T.J. Moorey.

Sir, Mr Michael Howard, the Minister for Water (Letters, April 3) says that privatisation will bring competition in the capital markets, and better managed companies will be able to raise capital more cheaply.

Leaving aside whether this is much of an argument, why has the managing director of West Kent Water Company written to me to say that charges are going up by 43 per cent, partly to cover *higher* borrowing rates after privatisation? Will the Minister be telling the company that it is not well-managed? Has he rejected the 43 per cent increase?

Why is 21 per cent of the increase to cover privatisation requirements when this particular company is already private?

Tim Moorey,
BP,
Mercury House,
195 Knightsbridge, SW7

Employee share schemes

From Mr Nicholas Andrew.

Sir, In our experience, family-controlled companies are reluctant to introduce employee share schemes mainly because of the lack of marketability of the shares acquired. There is little employee incentive in holding a minority parcel of shares in a private company which does not pay dividends.

However, by the introduction of an employee benefit trust, a private company can create a market for its shares for both existing shareholders and employees who acquire shares under Inland Revenue approved share schemes or "unapproved" arrangements. The stimulus to employee benefits trusts given by the Chancellor, albeit in limited form at present is welcome, and should lead to a significant increase in share incentive schemes for private companies.

This is in addition to a probable substantial increase in the use of employee benefit trusts, "qualifying" or not, for listed companies, despite the additional company law problems associated with such trusts.

Nicholas Andrew,
Robson Rhodes,
186 City Road, EC1

Stands Scotland where it did?

From Sir Charles Fergusson.

Sir, Your leader, "Speaking for Scotland" (April 4), cannot be a deliberate attempt to pull wool over your readers' eyes, but it does read as though written in Frankfurt rather than in London.

Why do you resurrect the bland old platitude that "the demand (in Scotland) for self-determination will not go away;" then assert that this "demand" should be met because Scottish feeling is "too strong" to do nothing?

Why do you propose that the Scottish electorate should in some way vote once more about our preferred form of government?

And would "once more" be enough: would you advocate that this should happen regularly – perhaps again and again – until an assembly and/or a separate state was established? I am reminded, as one often is, of the words of the sage Strausz-Hupe: "The less we know about another man's life, the bolder will be our suggestions for improving it."

In every country there will always be demands for constitutional change, however silly, which "will not go away." Anyone who offers people "more say" in their own affairs, without even reminding them how much they already have, is likely to get a hearing.

There is, as in the 1970s, much noise about self-determination in the Scottish media, and now also from politicians with little else to do. This is a handy means of irritating the Tories and of building up resentment against the Government – and Mrs Thatcher personally. But I know that ordinary people seldom talk about it and, as in those days, certainly do not regard it as of any priority.

I am sure, too, that most Scots inside and outside Scotland still have no doubt that the changes proposed by the "devolvers," and what they might lead to, would be disastrous for our economy and a tragedy for Britain.

You say that the devolution offered to Scotland 10 years ago met "merely technical" defeat because the necessary 40 per cent Yes vote was not achieved. And you seem to think it was a high pass mark set for a constitutional change which was widely believed, not least by the Scottish National Party (SNP), to be a half-way house to full separation from the rest of the UK.

But you should recall that the actual Yes vote of 1,230,937 – *32.9 per cent of the electorate* – represented less than one-third of Scottish voters, with (one presumes) all the separatists among them.

The No vote, at 1,153,502, was barely two percentage points behind, although the No campaign to bring out its voters had undoubtedly been weakened by the devolvers' loud claims that an abstention would equal a No. (If that was correct, then the Noes may be held to have won by more than two to one.)

Scots outside Scotland were, as you will remember, given no chance to make known their views on the future of their country.

Here in Scotland we are used to reading nonsense about Scottish self-determination in our own newspapers. If newspapers of your eminence repeat it, there is a danger that it may be taken seriously in quarters where it matters.

Charles Fergusson,
Kilkerran,
Maybole,
Ayrshire, Scotland

Case for a land tax

From Mr J. Bastian.

Sir, John Muellbauer (March 20) points out a better alternative to our present system of raising revenue. But he should emphasise that a tax on land values would go with a reduction in other forms of tax – income tax, rates, VAT.

A tax on land value would be easier – and therefore cheaper – to collect. Such a tax is *unaffected* by whether a landowner makes good or bad use of his land. It would therefore benefit him/her to use it in the best manner possible, consistent with planning controls. That is how it works in other countries which have made use of this system for many years, including parts of Australia, New Zealand and many cities in the US.

In such countries "inner city blight" is largely unknown because it is uneconomic. In Britain the owner often prefers to hold on to land, keeping it out of use and in *delapidated* condition, reaping enormous profits on a sale years later.

J. Bastian,
34 Dorset Square, NW1

IT applied to traffic jams

From Mr Martin Cragg.

Sir, The Confederation of British Industry report published on March 29 estimates that traffic congestion, especially in the south east, costs Britain £15bn a year. But the remedies suggested by the CBI reflect the vertical thinking which has plagued the Department of Transport for years. Bigger roads lead to bigger jams.

Of course there should be continuous expenditure to improve the transport network. But highways of a different kind would eventually provide the solution sought.

The provision of interactive broadband networks throughout the important commuter regions of the UK would allow many people to work at least part of their time *at home*. This would take pressure off the transport network and relieve congestion in a most cost-effective way. Expensive office space would be released; employees would be happier, healthier and more productive; accidents and pollution would be reduced. Experience gained in "remote working" would also have clear *benefits*.

Because the Government has failed to grasp the link between telecommunications and physical transport, this association is sponsoring a short study of the potential, and would welcome support from those with views or evidence. This is one example of the many ways that IT (information technology) could be applied at the strategic national level to address important problems.

Martin Cragg,
Business Equipment & Information Technology Association,
8 Southampton Place, WC1

Word war

From Mr M.B. Sandpearl.

Sir, I am puzzled by the seemingly arbitrary way in which the media interchange the words "terrorists" and "guerrillas." Is it coincidence that Palestinian (or Basque) perpetrators of terror are described as "guerrillas" and IRA guerrillas are described as "terrorists"? And how do we *interpret* "rebels," as in "Nicaraguan Contra rebels"?

M.B. Sandpearl,
4 Belvedere Road,
Leeds, West Yorkshire

FINANCIAL TIMES
Friday April 7 1989

Takeshita faces battle for his political life

Stefan Wagstyl gauges fall-out from the latest revelations in Japan's Recruit scandal

THE hopes of Mr Noboru Takeshita, the Japanese Prime Minister, of containing the damage done by the Recruit financial scandal have been virtually destroyed by the revelation this week that he was himself one of the chief beneficiaries of the company's largesse.

The disclosures have undermined any lingering hope Mr Takeshita might have had of defusing the crisis by shuffling responsibility on to the head of his predecessor, Mr Yasuhiro Nakasone.

The reports show Recruit continued to spray large amounts of money around the upper levels of the ruling Liberal Democratic Party well after Mr Nakasone announced plans in early 1987 to leave office later that year. Mr Takeshita received Y50m ($379,000) from Recruit at two fund-raising parties, just as he was preparing to launch his campaign to succeed Mr Nakasone as Prime Minister.

"Mr Takeshita is already dead. He is finished. The only question is when he holds the funeral," Mr Takayoshi Miyagawa, president of the Centre of Political Public Relations, a political study centre, said yesterday.

Other analysts say that the matter is not so clear cut. Mr Takeshita has to stay on, they argue, if only because most of his possible successors are also tainted by the affair. But even some members of the ruling Liberal Democratic Party are saying privately that the Prime Minister should quit. The junior and middle ranks of the LDP men in the Diet (Parliament) are becoming angry enough to speak out publicly.

The speed with which the affair has engulfed the whole LDP political machine has astonished politicians and analysts alike. Almost every time the public prosecutor investigating the scandal has pulled at a thread of evidence he has torn a gaping hole in the country's political establishment.

The starting point of his investigation was the sale by Recruit, a business information company, of shares in Recruit Cosmos, its property affiliate, just before Recruit Cosmos was floated in October 1986. Some 160 influential politicians, civil servants and businessmen who received pre-flotation stock were able to make quick profits.

This investigation has so far brought 13 arrests – of Recruit executives, including its founder Mr Hiromasa Ezoe, of civil servants who dealt with Recruit and of officials of Nippon Telegraph & Telephone, Japan's largest company which had close commercial links with Recruit. The charges relate to attempts by Recruit to bribe individuals into helping further its business interests.

The Tokyo District Prosecutor's Office has yet to arrest a politician. But the leaks of information have done enough to destroy a bagful of political reputations.

As the prosecutor has worked through mountains of papers seized from the offices of Recruit and elsewhere, so the inquiry has ranged far beyond the sale of Recruit Cosmos shares to other gifts made by the company.

In total, some 16 politicians received Recruit Cosmos shares either in their own names or in those of relatives or secretaries. They collectively made profits of Y400-Y500m. In addition, about 30 politicians received up to Y200m from Recruit in political donations between the early 1980s and the end of last year.

None of this is necessarily illegal. Funds raised from big business are the financial lifeblood of Japanese politics. But concealing large gifts is against the law. More seriously, so is repaying a benefactor by exerting political influence on his behalf. That turns the gift into a bribe.

It is the size of the gifts made by Recruit to key leaders of the LDP which have raised suspicions that the company expected something in return. Among politicians who benefited most were:

● Mr Nakasone: his secretaries made profits of about Y130m on the sale of 26,000 Recruit Cosmos shares. The prosecutor is investigating claims that in return Mr Nakasone promoted Recruit's efforts to diversify into telecommunications with the help of NTT, which was then state-owned.

● Mr Takeshita: his secretary made only about Y4m from Recruit Cosmos shares, a fact which until last week allowed Mr Takeshita to dodge direct attacks. But his position has been undermined by the revelation of the Y50m gift made in May 1987 – in the form of block purchases of tickets to two fund-raising parties.

● Mr Takao Fujinami: the chief cabinet secretary in the Nakasone administration made Y26m through his secretary from the sale of Recruit Cosmos stock.

In addition, it has emerged in the last few days that Mr Fujinami received Y23m in cash from Recruit in late 1986 shortly before he bought a house in Tokyo. This has raised suspicions that Mr Fujinami may have used Recruit's money for private rather than political ends. But the most serious allegation against him is that he was one of about 16 people who were sent money by Recruit in June 1988, after the scandal had already erupted. Mr Fujinami allegedly received Y18m paid into a bank account in a fictitious name composed from the names of two of his aides.

The material in the prosecutor's hands is so vast that there are still plenty of opportunities for fresh allegations to emerge against leading politicians. For example, two senior civil servants from the Ministry of Labour and one from the Ministry of Education have been charged with accepting bribes in return for withdrawing proposed regulatory reforms, which might have hurt Recruit's business. However, the prosecutor is examining evidence that politicians close to these ministries may also have been involved.

Other politicians apart from Mr Nakasone may be implicated in alleged attempts to boost Recruit's chances of securing business from NTT.

Meanwhile, the investigation of Recruit's links with NTT led to the discovery of a huge political slush fund, out of which Y870m was paid to 330 politicians, including opposition party members. The point here is that NTT, in which the Government retains a big shareholding, is regarded as a semi-state organisation, and is specifically banned from making political contributions. NTT's defence that the fund was composed of "voluntary" contributions from its staff may not hold water.

Three Cabinet ministers have resigned so far. Mr Kiichi Miyazawa, the former finance minister, quit because he tried to hide the fact that his Recruit Cosmos shares were inadvertently bought in his own name by telling some ludicrous lies to the Diet. Mr Ken Harada and Mr Takashi Hasegawa both resigned within a short time of their appointments last December after failing to disclose contributions from Recruit.

In a sense they all quit on technicalities, violations of rules which in other circumstances might have been soon forgotten. But it is a sign of the way that the Recruit scandal is breaking apart the LDP political machine that the party was unable to save them. It remains to be seen whether it will be able to save itself.

Recruit gave Y50m in political donations to prime minister

THE personal involvement in the Recruit scandal of Mr Noboru Takeshita deepened yesterday after it was confirmed that he had received Y50m ($381,000) in political donations from the company, writes Stefan Wagstyl in Tokyo.

Mr Ichiro Ozawa, deputy chief cabinet secretary, confirmed Recruit had purchased Y30m worth of tickets for a Takeshita fund-raising party in northern Japan in May 1987, just as Mr Takeshita was preparing to launch a campaign to succeed Mr Yasuhiro Nakasone as Prime Minister.

The Prime Minister last week admitted receiving Y20m from the company at a separate party held a few days later in Tokyo.

However, Mr Ozawa's explanation raised suspicions about the donations. He said that Y20m of the Y30m raised in northern Japan had been passed to Mr Takeshita's office for temporary safe-keeping.

Mr Takeshita's office has never reported the Y20m "temporary" contribution it still holds, as it would have been required to do under the law covering political fund-raising, if the money had come directly from Recruit.

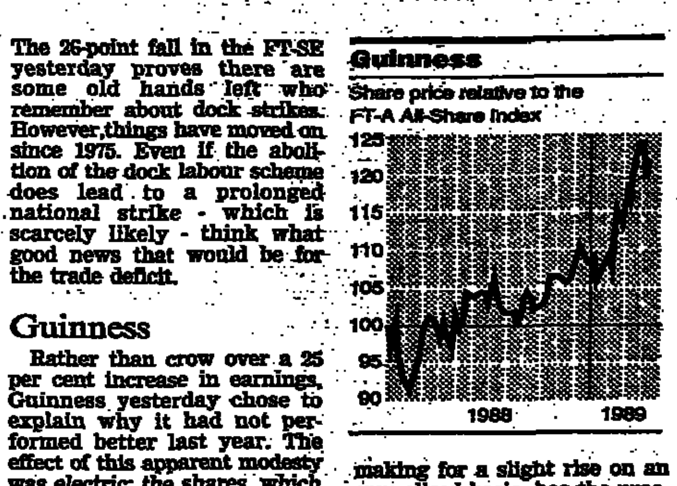
This raises suspicions that an attempt was made to disguise the origin of the funds by routing them through the party's local association in Morioka.

THE LEX COLUMN

The high spirits of Guinness

The 26-point fall in the FT-SE yesterday proves there are some old hands left who remember about dock strikes. However, things have moved on since 1975. Even if the abolition of the dock labour scheme does lead to a prolonged national strike – which is scarcely likely – think what good news that would be for the trade deficit.

Guinness



Rather than crow over a 25 per cent increase in earnings, Guinness yesterday chose to explain why it had not performed better last year. The effect of this apparent modesty was electric: the shares, which have outperformed by 15 per cent this year, rose another 7p as the market grasped the point that the big boost from Distillers is yet to come.

So far, Guinness has made sense of Distillers' distribution and has corrected its worst operational inefficiencies, but has yet to start on the enormous marketing job. The industry background is good: demand is rising, and growth is concentrated at the posh end of the spirits market, where profits per bottle are ten times as high as for rotgut. Best of all is the alcoholic miracle in Japan, where this month's tax change on imported Scotch could help increase demand almost threefold in the next five years.

Meanwhile, yesterday's stake building in LVMH may bring that tortuous chapter to a close. Guinness now owns almost as much as it may be allowed to, and the present composition of the board has an oddly lasting feel to it. It does not matter whether Guinness chose to buy into LVMH through Christian Dior this time because the shares were cheap, or because it was less visible to the French authorities. Either way, Guinness is strengthening links with a partner whose profit performance has been even better than its own.

The market may not yet regard Guinness as the "luxury and lifestyle" business that the company would like, but it is gradually coming round to the view being a spirits company need not be dull. Eventually, that should make the shares swap their small discount to the market for a premium.

Maxwell

Mr Maxwell's latest blueprint for MCC continues to give the impression of manoeuvres in a tight place. The new timing of dividends, while making for a slight rise on an annualised basis, has the practical effect of reducing 1988 payments by a handy £11m. The reduction of debt is partly to be achieved by the familiar technique of swapping from one pocket to another, with the sale of the newspaper printing business to the privately owned Mirror Group; and instead of being sold to MCC for paper as previously planned, the Mirror itself is now to contribute cash through a flotation.

On the other hand, it is good to hear that Mr Maxwell has finally abandoned his chimera of tripled turnover by the end of next year. The notion was always an odd one, and became an impossibility as soon as MCC took to buying high-margin publishing assets on sky-high multiples. Now that MCC has apparently achieved its ambition of ranking among the global top ten in the communications business – the terms being sketchily defined – one could wish to see Mr Maxwell simply getting the debt down and running the business as it stands. But that would smack of strategy, and there have been too many changes of tack to make that plausible.

Meanwhile, the shares continue to bump along the bottom. The capital loss seems irrecoverable, and the outlook is bleak for income. Even on an annualised basis, the dividend increase is under 3 per cent, which is scant compensation for 15 months' worth of inflation. The buy-out of public companies may be undesirable as a rule: MCC would be a useful exception.

B&C

Forget Blue Arrow, Saatchi & Saatchi, or even Next. The prize for the big bull market stock which has fallen faster and further than anyone else must go to British & Commonwealth Holdings. Since its shares peaked at 565p in the summer of 1987, they have underperformed the market by 57 per cent. This is no mean feat given that B&C steered clear of the pitfalls, such as equity market-making, which ensnared equally ambitious financial services groups like Kleinwort Benson and Morgan Grenfell. With B&C's 1988 after-tax profits virtually unchanged at £67.9m (compared with Kleinwort's £8.6m), and the dividend increased by 16 per cent, is the market's judgement unduly harsh?

B&C's basic problem is that it is constantly changing shape at a time when its operating environment – characterised by rising interest rates and sluggish trading volumes – has been steadily deteriorating. Whereas last year the group's core moneybroking businesses were the biggest single profit contributor, the latest acquisition – Atlantic Computers – should take the lead this year. The fact that the bulk of the latter's profits are earned in the last couple of months of each year adds to concern about the quality of the earnings of a financial services group with negative net worth and net borrowings not far short of its market capitalisation of £748m.

If B&C can sail through the current recession in the UK financial services industry without taking any nasty knocks, then its star could well shine again. But for the moment, there is no obvious reason why it should sell at more than twice the prospective multiple of Lloyds Bank, for example, and yield considerably less.

Hillsdown

The placing of Mr David Thompson's 15 per cent stake in Hillsdown must be good for the shares, but only within limits. On the one hand, it removes the constraint on buying from institutions which could see cheap stock around the corner. On the other, the discounted placing price means that takers of the stock were already 15p ahead by yesterday's close. Another 10p on the price, and the profit might be worth taking.

The placing was easier than most, given that Mr Thompson was never expected to sell to a hostile party; but it was welcome evidence of the market's capacity to absorb stock. Less benign stakeholders in RHM, Scottish & Newcastle, Cadbury Schweppes and Berisford must be wishing it was that easy.

Deal on agricultural reform agreed

By Peter Montagnon and William Dullforce in Geneva

THE WORLD'S leading farm producers yesterday agreed an outline deal on agricultural reform which could unblock the stalled Uruguay Round on multilateral trade talks.

The deal was agreed between representatives of the US, the European Community and the 13-nation Cairns group of independent farm producers. It was being put last night to other member of the General Agreement on Tariffs and Trade but met stiff initial opposition from Japan, the Nordic countries and Switzerland which were worried about what they called "non-economic" aspects of farm reform, such as national food security.

Under the deal, Gatt countries would agree to negotiate a substantial and progressive reduction in all farm supports over the long term and would make an immediate political commitment to a freeze on current levels of support.

The freeze commitment would be loosely worded and fudge many of the technical issues which have beset the negotiations here this week.

It would be less than the Cairns group countries had hoped for but members of the group said it had secured a commitment to long-term reform.

Delegates said they expected a tough battle with the Japanese and other countries, which have been seeking recognition of the special problems of their heavily subsidised farms, but they were expected eventually to give in.

Agreement on agriculture should pave the way for resolving the three other outstanding Uruguay Round issues blocked since the trade ministers' meeting in Montreal in December.

These are protection for intellectual property rights, the reform of the textile trade and new rules for safeguards, the temporary measures governments are allowed to take under Gatt rules to protect domestic industries against an unexpected flood of imports.

Earlier story, Page 6

Perestroika welcomed by Thatcher

Continued from Page 1

In a reference to Mr Gorbachev's call for the West not to go ahead with the modernisation of its short-range nuclear missiles, Mrs Thatcher said both East and West had to be able to defend itself in an "unpredictable world".

Both Britain and the Soviet Union knew from bitter experience that conventional weapons did not deter war in Europe, whereas nuclear weapons had done for over 40 years. "As a deterrent there is no substitute for them", she added.

In their talks earlier in the day, Mrs Thatcher emphasised that the Nato alliance would press ahead to replace the ageing Lance short-range nuclear missile. However, Mr Gorbachev stressed that, now that conventional force reduction talks were under way in Vienna, the West would no longer need nuclear arms to compensate for the Warsaw Pact's conventional superiority.

"We stated our case," Mr Gerasimov said. "Modernisation is a misnomer, pure and simple. It is not modernisation at all. It is the creation of a new nuclear system within the legal limits."

Mrs Thatcher also voiced concern about the Soviet Union's large stocks of chemical weapons, which Britain believes much higher than 50,000 tonnes admitted by Moscow.

Mr Gorbachev was said by British officials to have agreed to seek further ways to reassure the West. Mr Gerasimov said the Soviet President had invited Britain to send a new inspection team to check on Soviet plants for chemical weapons.

British and Soviet officials went out of their way to emphasise that the differences over arms control had not marred the generally friendly tone of the talks. One official said the depth of understanding reached during five meetings had allowed their relationship to reach a "new high".

At the same time there were no new initiatives or any apparent breakthrough at yesterday's meetings, which ranged from the implications of the recent Soviet elections to the need to end the deadlock in the Middle East.

The friendly tone of the talks, however, did encourage speculation in Westminster that the meeting may have laid the groundwork for Mr Gorbachev to invite Queen Elizabeth II to become the first British monarch to visit Moscow since the 1917 communist revolution and the overthrow of the Russian royal family.

Estonia bids to challenge Moscow rule

Continued from Page 1

investment and ownership by foreign countries and companies;

● a separate Estonian foreign policy.

It does not specifically provide for a separate currency – although Mr Indrek Toome, the Estonian Prime Minister, has said that it was desirable. Nor does it specify Estonian embassies and consulates in other states.

The programme clearly runs beyond the limits set to republican autonomy by Mr Mikhail Gorbachev, the Soviet leader. The Soviet leader has singled out for particular disapproval the "excessive demands" of Estonia

The proposals face opposition from Estonia's Inter Front Movement, which is largely composed of ethnic Russians.

Estonia has already adopted a law which compels all inhabitants to learn Estonian, and has refused to implement new restrictions on co-operatives

The draft programme, which has been discussed over the past nine months and is known as Ime, or miracle, is now given urgency by the timetable for its implementation and by its official publication.

Bush welcomes Shamir plan for West Bank, Gaza elections

By Lionel Barber in Washington

US PRESIDENT George Bush yesterday welcomed a proposal by the Israeli Prime Minister Mr Yitzhak Shamir for "free democratic elections" in the West Bank and Gaza as a step toward a peace settlement in the Middle East.

The leaders remained at odds, however, over an acceptable formula for the elections, which the US believes could pave the way for compromise between Israel and the Palestinians in the occupied territories.

After a 45-minute private meeting with Mr Shamir at the White House, Mr Bush continued US efforts to prod the Israelis into producing "new ideas" and pledged US assistance in the search for a settlement: "The status quo serves the interests of no-one," he declared.

Mr Shamir, responding, made clear that the detail of the elections, including the question of supervision, had still to be agreed. He stressed that the proposal aimed to produce a delegation of Palestinians "to negotiate an interim period of self-governing adminsitration" in the West Bank and Gaza as the first step towards a settlement.

Mr Shamir's government has resisted talks with the Palestine Liberation Organisation, which it calls a terrorist group and has sought to involve other Palestinians in the occupied territories in moves towards a settlement aimed at ending the 16-month-long Palestinian uprising.

In talks with President Bush earlier this week, President Hosni Mubarak of Egypt reacted cooly to the idea of elections in the occupied territories held under Israeli supervision, but he hinted that a UN role might be more acceptable.

Mr Shamir continued to stress that the elections would have to be conducted "free from an atmosphere of Palestinian violence" in what he referred to as Gaza, Judea, Samaria – the latter two the Israeli biblical terms for the West Bank territory.

A senior US official described Mr Bush's meeting – the highpoint of Mr Shamir's US tour – as "encouraging" and said the administration was impressed by the Israeli government's "commitment" to a final peace settlement acceptable to all sides.

Mr Bush repeated that the US and Israel remained close strategic allies and he reaffirmed Washington's opposition to the creation of an independent Palestinian state, but he said: "Throughout the world old enemies are finding ways to talk to one another. This can and must happen in the Middle East."

In the meeting, Mr Shamir criticised the administration's dialogue with the PLO and declared in his later statement that the creation of a Palestinian state would be a "mortal threat" to Israeli security.

Mr Mubarak said that if Mr Shamir holds elections without the participation of the PLO it "will be a grave mistake; it will not solve the problem."

Mr Mubarak, interviewed on NBC on Thursday, said Mr Bush should tell Mr Shamir that "land for peace is the main principle for proceeding forward in the peace process."

He said:"Egypt has done lots of courageous steps for peace . . . I think it's the turn of the Israelis to make a courageous step."

WORLD WEATHER

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio		–	–	Dubrovnik	F	17	63	Malta	S	17	63	Rhodes	S	26	79
Algiers	S	17	63	Edinburgh	R	5	41	Manchester	R	5	41	Rio de J'o	F	34	93
Amsterdam	R	5	41	Faro	F	17	63	Manila	F	34	93	Rome	F	13	55
Athens	S	23	73	Florence	C	11	52	Melbourne	F	18	64	Salzburg	F	12	54
Bahrain	F	23	73	Frankfurt	C	10	50	Mexico City	F	25	77	San Francisco	S	16	61
Bangkok	F	35	95	Funchal	F	18	64	Miami	F	20	68	Seoul	S	22	72
Barcelona	F	14	57	Geneva	F	10	50	Milan	C	13	55	Singapore		–	–
Beirut		–	–	Gibraltar	C	16	61	Montreal	C	6	43	Stockholm	F	6	43
Belfast	R	5	41	Glasgow	R	5	41	Moscow	F	6	43	Strasbourg	F	12	54
Belgrade	S	22	72	Guernsey	C	7	45	Munich	C	10	50	Sydney	F	24	75
Berlin	F	12	54	Helsinki	S	7	45	Nairobi	F	23	73	Taipei	C	23	73
Biarritz	C	13	55	H. Kong	C	20	68	Naples	F	12	54	Tangier	F	17	63
Bombay	S	37	99	Innsbruck	F	12	54	Nassau	C	29	84	Tel Aviv	S	25	77
Bordeaux	R	10	50	Inverness	R	4	39	New Delhi	S	28	82	Tenerife	F	18	64
Brussels	R	7	45	Islamabad	F	28	82	New York	R	10	50	Tokyo	S	18	64
Budapest	C	15	59	Istanbul	S	24	75	Nice	S	15	59	Toronto	C	3	37
B. Aires	F	27	80	Jakarta	R	32	90	Nicosia	S	26	79	Tunis	F	19	66
Cairo	S	30	86	Jersey	C	7	45	Oporto	R	12	54	Valencia	F	16	61
Cape Town	S	24	75	Jo'burg	S	23	73	Oslo	C	7	45	Venice	R	11	52
Caracas	C	26	79	Lima	F	25	77	Paris	R	9	48	Vienna	F	15	59
Casablanca	F	17	63	Lisbon	C	15	59	Peking	F	16	61	Warsaw	C	8	46
Chicago	S	0	32	London	R	6	43	Prague	F	12	54	Washington	C	10	50
Cologne	C	9	48	Los Angeles	S	23	73	Reykjavik	Sn	1	34	Zurich	F	9	48
Copenhagen	C	5	41	Luxembourg	R	5	41								
Corfu	S	22	72	Madrid	F	13	55								
Dallas	S	11	52	Majorca	F	18	64								
Dublin	R	3	37	Malaga	S	18	64								

Readings at mid-day yesterday
C-Cloudy Dr-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Montedison denies pirating

Continued from Page 1

There had been no contact with Mr Raul Gardini, the chairman of Montedison, whose Ferruzzi group owns 42 per cent of the company.

Mr Gardini was not available for comment yesterday, but Montedison issued a statement denying that it had illegally copied software for internal use.

It also decried the manner in which the inspection raids had been conducted and said it had been "expressly authorised" to copy the software programmes by Lotus Italia, the Italian subsidiary of Lotus Development Corporation of Cambridge, Massachusetts.

Mr Neal Goldman, international counsel for Lotus, said last night there had been no authorisation to Montedison from Lotus Development Corporation or Lotus Italia.

"I would challenge Montedison to produce the authorisation," he said.

The software producers said judges in Milan had ordered further inspections at other companies over the next few days.

This, they said, might result in further lawsuits.

FINANCIAL TIMES
COMPANIES & MARKETS
Friday April 7 1989

INSIDE

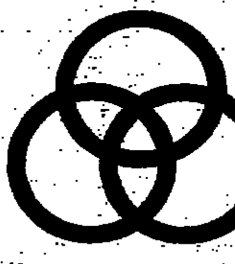
B&C believes purity will pay

John Gunn (left), chairman of British & Commonwealth Holdings, declared himself "extremely pleased" with the financial service group's performance in 1988, despite a 6 per cent decline in pre-tax profits. This fall, he pointed out, was entirely attributable to writing off a proportion of acquired goodwill, and he said the benefits of reshaping B&C into a pure financial services group would become more apparent in 1989. Page 26

Beware of idle March

When it came to trading activity in the European markets last month, there was no need to beware the Ides of March. It was more a question of surviving Idle March. Indeed the 15th day of the month — the Ides in question — proved one of the few sessions when bourses saw a decent level of volume. Once again, investors in Europe were held in thrall by economic developments across the Atlantic, where a series of statistics set off unfounded jitters about February's consumer price inflation, writes Alison Maitland. Page 43

German businessmen lose the blues



It is beginning to look as if West German businessmen have forgotten how to moan. At the annual Hannover Industrial Fair this week, news from heavy industrial groups like Hoesch, Thyssen, Mannesmann and Fried Krupp, was monotonously good: higher dividends, faster growth, exciting diversification. David Goodhart explains why the debate over Standort Deutschland — rising production costs in Germany — has come to such a sudden end. Page 22

A Soviet soft sell

Nintendo, the Japanese video game manufacturer, is to offer through its American subsidiary the first ever video game developed in the USSR. Page 23

Looking beyond Sweden

Swedish When Jacob Palmstierna (left) formally takes over next Tuesday as group chief executive and chairman at Skandinaviska Enskilda Banken, his primary goal will be to push ahead with plans to make Sweden's leading commercial bank more international. It's a goal he has devoted himself to in recent years, as president of the bank and a member of its executive management. He sees the bank's Swedish orientation as a weakness to be corrected. Page 25

Market Statistics

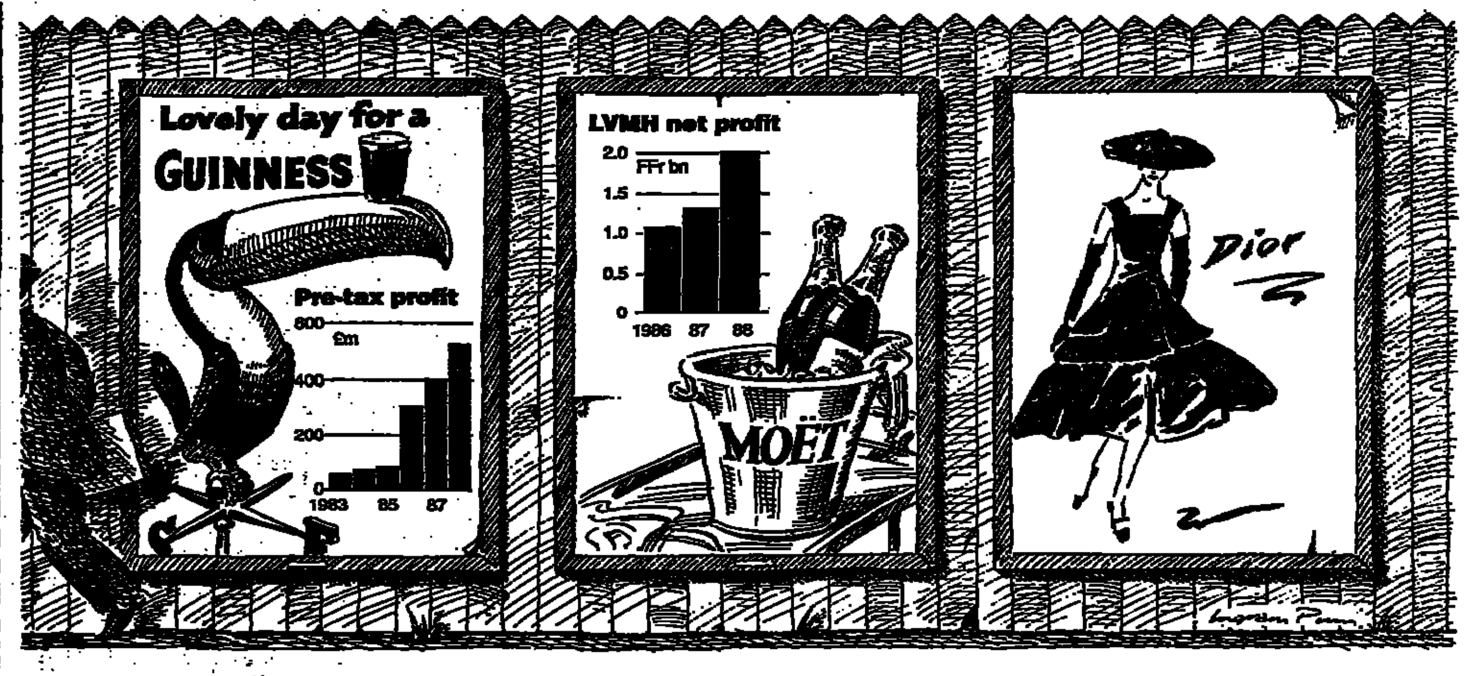
Companies in this section

Chief price changes yesterday

FRANKFURT (DM)				Ruetgers	105.5	+	6.4
Rises				Fives-Lille	288	+	15.8
RWE	257.5	+	10.5	**Falls**			
Allianz	1755	+	15	Bongrain	3095	−	105
Falls				UIF	529	−	17
Bayer Hypo	367	−	7	**TOKYO (Yen)**			
Nixdorf	298	−	5	**Rises**			
NEW YORK ($)				Iwatsu Electric	1250	+	150
Rises				Shoko	980	+	100
Gap	40½	+	½	Nissin Electric	1400	+	120
Georgia-Pacific	43⅞	+	⅞	**Falls**			
Ocean Drilling	18¼	+	1⅝	Nissei Hse Ind	1130	−	80
Falls				Toyota Tsusho	1010	−	70
Murphy Oil	35	−	1	Okamura	2040	−	120
Sea Containers	42½	−	1¼				
Woolworth	48⅞	−	⅞				
PARIS (FFr)							
Rises							
Eaux DS	77.5	+	13				

New York prices at 12.30.

LONDON (Pence)				Cable & Wire	465	−	17
Rises				Carlton Comm	866	−	24
Aran Energy	78	+	4	Ibstock Johnsen	183	−	5
Dickie (J)	148	+	8	P & O Defd	658	−	13
Filofax	85	+	5	Racal Elec	380½	−	7½
Guinness	432	+	7	Rank Org	921	−	15
Henderson Admin	825	+	20	Rosehaugh	640	−	35
Falls				Southend Prop	225	−	15
Amstrad	134	−	5	Sun Alliance	1148	−	9
Bass	899	−	12	Sun Life	938	−	10
Beecham	598	−	15	Tarmac	304	−	12
Boots	266	−	10				
Brit Dredging	157	−	8				



Guinness raises LVMH stake

By Lisa Wood in London

GUINNESS yesterday unveiled a pre-tax profit of £521m ($886m) for 1988, a 28 per cent increase on the previous year, and disclosed it was taking its interest in Möet Hennessy-Louis Vuitton (LVMH), the French luxury products group, to 24 per cent.

The British-based drinks group, which will have spent more than £1bn on building its stake in LVMH, already holds 19.8 per cent of its fully diluted stock through Jacques Robert, a joint company with Financière Agache, the French group headed by Mr Bernard Arnault, the new LVMH chairman.

Guinness now plans a £190m purchase of a 16.8 per cent stake in Christian Dior, the high fashion house subsidiary of Agache, which holds that company's investment in LVMH through Jacques Robert. The investment in Dior is equivalent to a further 4 per cent in LVMH.

Guinness said that while its stake in Christian Dior further associates it with luxury products the stake had been taken primarily as a method of increasing its investment in LVMH.

Guinness, which does not expect any dilution of earnings as a result of its total planned investment in LVMH, has built up the stake to protect important joint distribution agreements with one of France's most prestigious champagne and cognac producers. The continuity of these could have been threatened by the internal squabbles which have rocked LVMH for the past two years.

Guinness's new stake will help re-finance the ambitious Agache group, which has invested heavily in LVMH. But the move will also retain Agache's majority control of Jacques Robert, with Guinness holding 45 per cent.

Guinness's investment in LVMH contributed £21m to the British group's £521m pre-tax profits for the year to December 31, a performance which was well ahead of City forecasts. The group's share price closed at 432p, up 7p. LVHM yesterday also reported profits for 1988, showing a 39 per cent rise at the net level to FF2bn (£316m).

During 1988 Guinness made substantial changes to the worldwide distribution arrangements for its portfolio of spirits brands — terminating hundreds of agreements to replace them with either joint ventures or wholly-owned enterprises. In addition it increased prices of its Scotch brands as part of a strategy of increasing margins and repositioning them as luxury products. Joint ventures included those in Japan and the US with LVMH.

Turnover for 1988 was £2.7bn compared with £2.27bn in 1987. Spirits contributed 63 per cent of this (compared with 59 per cent), brewing 35 per cent (39 per cent) and the commercial division, which includes Gleneagles, the Scottish hotel, an unchanged 2 per cent. The most notable regional growth came from Asia Pacific with a near 70 per cent rise in operating profits to £91m in 1988 (£54m).

The company for the first time has included the cost of acquired brands in the accounts at £1.4bn. Lex, Page 20; LVMH results, Page 23

Fashioning a new role for Dior

By George Graham in Paris

CHRISTIAN DIOR is still the haute couture and accessories house it always was, but as yesterday's announcement of net consolidated 1988 profits of FFr384m ($59m) made clear, its fate is now inextricably linked with LVMH, the drinks and luxury goods conglomerate.

Direct earnings from Dior's fashion and accessories activities rose 44 per cent to FFr89.8m, but most of the profit came from Dior's indirect LVMH stake, held through Jacques Rober, its joint holding company with the UK's Guinness group.

Mr Bernard Arnault's Agache group has turned Dior into the vehicle for its LVMH holding. Dior said the increase in direct earnings, greater than brokers expected, was due to a policy based on the quality and creativity of its products and the development of its direct sales activities.

Many French analysts agree, for Dior sells most of its products through licences, with only the headquarters store on Paris's glittering Avenue Montaigne as a direct outlet, and, therefore, has room to develop this aspect.

The haute couture business, started by Mr Christian Dior in 1947, and continued after his death in 1957 by Mr Marc Bohan and Mr Frédéric Castet, is a form of loss leader, only indirectly profitable because of the brand image it builds for Dior's other sales: 71 products including spectacles, scarves and jewellery.

Even at Avenue Montaigne, over 30 per cent of sales are accessories, rather than clothing.

Direct distribution is the area where most profit is to be made in the luxury goods business, as Louis Vuitton, the luggage division of LVMH, has shown.

Mr Christian Guyot, analyst at brokers Cholet Dupont said: "Christian Dior clearly has a card to play in the direct distribution area, which is where Louis Vuitton made its fortune.

"That is the challenge of the 1990s for Dior."

Institutional investors were hard to convince last summer, when a FFr3.3bn private placing organised by the Credit Lyonnais received a lukewarm response.

Mr Arnault has irritated institutions by a string of operations designed to raise money at various levels of his cascade of holding companies.

The Dior placing was viewed as one more in this series. The failure of his FFr2.4bn Au Bon Marché issue last winter was a further sign that investors' patience had run out.

With the development of direct outlets, possibly in the US and London, Dior can hope for rapid growth of its own earnings, apart from the flow-through of profits from the LVMH stake. By the time it is floated on the stock exchange — expected within the next three years — investors may have more to put their money into than a vehicle for Mr Arnault's assault on LVMH.

Maxwell revives plans to float Mirror Group papers this year

By Tony Jackson in London

MR ROBERT MAXWELL, the publisher, has revived plans for floating his Mirror Group newspapers on the London Stock Exchange. The flotation, which analysts said could value the titles at up to £300m ($510m), would probably be this year, Mr Maxwell said yesterday.

Mr Maxwell has abandoned his previous plan for Mirror Group, which involved Maxwell Communication Corporation (MCC), his publicly quoted company, buying the newspapers from his private Liechtenstein-based Maxwell Foundation and paying for them with MCC shares. The plan was part of his much-publicised target of £3bn-5bn sales for MCC by the end of 1990.

That ambition has now been abandoned as well. "My target of £3bn-5bn was meaningless," Mr Maxwell said yesterday. "The real target was to become one of the world's ten biggest media corporations." Sales this year, he said, would be around £1.2bn.

MCC's results for the year to December showed a 28 per cent rise in sales to £1.13bn, with pre-tax profits up 8.7 per cent to £190.4m, and earnings per share down 17 per cent at 22.1p. The figures, which were broadly expected by the market, left the shares 3p lower at 263p.

A second interim dividend of 6p net brought the year's total to 12p, down 2p from last year. The year end has been moved three months to end-March, and Mr Maxwell said there would also be a final payment, which he forecast at a further 6p.

Mr Maxwell explained that sales projections had been reduced because of MCC's recent switch of emphasis from printing to publishing. Last year saw the acquisition of US publisher Macmillan for $2.6bn, and Official Airline Guides (OAG) for $750m.

Both deals were constructed as off-balance sheet transactions. Mr Maxwell said he now planned to consolidate Macmillan fully by the start of September, and OAG by the end of March next year.

Since end-1987 the group had spent $3.8bn on acquisitions. Disposals since that time had realised $1.1bn. Mr Maxwell said "we expect to realise a further $600m from disposals currently under negotiation. In addition we expect to realise more than £1bn from the disposal of Maxwell Graphics and of British Newspaper Printing Corporation".

BNPC is in the process of being sold to Mirror Group, for an undisclosed sum. Maxwell Graphics comprises the printing interests in North America.

Mr Maxwell said there would be "massive synergies" from the combination of Macmillan with the group's existing publishing interests. Whereas Macmillan had previously confined its direct selling to North America, it would now move to direct marketing worldwide. All general books currently published by Macmillan or Maxwell are now to be published under the imprint "Maxwell Macmillan".

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EVC unveils profits rise of 160%

By Peter Marsh in Brussels

EUROPEAN Vinyls Corporation, jointly owned by Britain's Imperial Chemical Industries and Enichem, the Italian state-owned chemicals group, yesterday unveiled a 160 per cent rise in operating profits last year to DM418m ($223m).

The announcement, which underlines the buoyant state of the West European chemicals industry, was made at the first public discussion of the state of EVC's finances since its formation in 1986.

Brussels-based EVC was set up as a result of the merger between the two parent companies' production businesses in polyvinyl chloride — a widely-used plastic. This made EVC Europe's biggest producer of the material.

EVC's operating profit for 1986 was well up on the DM153m made in 1987. Sales were DM2.28bn in 1988, compared with DM1.87bn the year before.

Mr John York, chief executive, said the figures showed that the merger had succeeded.

EVC has 12 manufacturing sites — six in Italy, three in Britain, two in Germany and one in Switzerland — and employs 4,000.

It makes about 1m tonnes of PVC annually, which gives it about 20 per cent of Western Europe's production.

EVC was formed owing to over-capacity in plastics in Europe in the early 1980s. Many plastics businesses, including the PVC interests of ICI and Enichem, were making heavy losses.

Since the mid-1980s, the plastics sector generally has improved. Many companies, EVC included, have cut back capacity and demand has surged as a result of buoyant economic conditions.

Mr York said 1989 would be a more difficult year for his company than in 1988 but he predicted profits would stay at a healthy level. Turnover in 1989 was likely to grow to about DM2.8bn because of some small acquisitions last year.

Ueberroth in deal to purchase Eastern Airlines

By Anatole Kaletsky in New York

A GROUP led by Mr Peter Ueberroth, the former US baseball commissioner, agreed yesterday to buy the bankrupt Eastern Airlines for "about $460m".

The long-awaited deal, announced in New York yesterday after two weeks of speculation, was a financial relief, but also a humiliating symbolic defeat for Mr Frank Lorenzo, the chairman of Texas Air Corporation, Eastern's parent company.

Mr Lorenzo, who became the dominant figure in the US airline industry in the 10 years since its deregulation, was seen by many Americans as a symbol of the ruthless anti-union attitudes of the Reagan era.

His decision to sell Eastern stemmed directly from a strike by the airline's machinists and pilots which began last month and was arguably the clearest victory for US organised labour in 10 years.

The crucial element in Mr Ueberroth's bid for Eastern was an agreement with its unions under which labour would end up owning an expected 30 per cent of the company's equity and would have a voice in its management in return for pay concessions.

It was only by striking a deal with unions that Mr Ueberroth was able to raise the finance for his bid and the purchase announced yesterday was conditional on formal return-to-work agreements being signed by April 10.

Once these agreements were signed, Mr Ueberroth would pay Texas Air $200m in cash and forgive inter-company debts with a face value of about $256m.

To offset most of this purchase price, the group would receive the $365m in cash proceeds from the recently-agreed sale of Eastern's New York shuttle operations. But Mr Ueberroth and of his partners would also take over responsibility for all of Eastern's outstanding liabilities. Eastern's outstanding debt securities alone come to about $185m.

For Mr Lorenzo, the sale of Eastern would mark the end of a dream which began when the airline business was deregulated in 1978. Texas Air, which started as little more than a shell company in the early 1970s, grew rapidly after deregulation by buying up struggling carriers and slashing both their prices and their labour costs.

Matra chief hangs up his football boots

By Paul Betts in Paris

MR JEAN-LUC Lagardère, chairman of Matra, the diversified French defence and electronics group, has decided to hang up his football boots after investing more than FFr300m ($52.3m) in the Matra Racing first division football club.

The heavy cost of the club and its disappointing performance in the French football league and cup despite its highly paid stars finally persuaded Mr Lagardère to give up his ambition of running a major professional club in the way Fiat and the Agnelli brothers have done so successfully in Italy with Juventus.

Although the decision has caused dismay in French football circles, it has been welcomed by the bourse and financial analysts. Last week, the Matra share price rose by 5 per cent on rumours that Mr Lagardère was planning to withdraw from football.

The club was costing Matra about FFr80m a year and produced little return for the group in terms of image and publicity. Apart from its own disappointing track record, the crisis of French soccer in general has made major sponsors increasingly wary about investing large sums in the business.

The elimination of Matra by a second division club in the French cup at the end of last month appears to have been the final straw for Mr Lagardère, who has always been a passionate football fan.

Eight years ago he took over the Racing Club of Paris, which he renamed Matra Racing. At that time when French football was at its zenith and Michel Platini reigned supreme over its destiny. It was also a time when Matra was diversifying heavily from its traditional defence and missile manufacturing operations.

This diversification, including in football, has never been altogether happy for Matra.

More recently, Mr Lagardère has been refocusing his businesses on a number of core industrial sectors including defence, transport and electronics and communications at the same time as actively negotiating important new European industrial alliances.

INTERNATIONAL COMPANIES AND FINANCE

Thompson sells remaining Hillsdown Holdings stake

By Nikki Tait

MR DAVID THOMPSON, the 53-year-old co-founder of Hillsdown Holdings, yesterday placed the remaining 14.5 per cent stake which he and his family hold in the food, furniture and property group.

The placing was done yesterday morning at 255p a share, a 6.6 per cent discount to Wednesday's night's closing level. One of the largest placings of a personal stake, it nets Mr Thompson and his family just over £154m ($262m).

Mr Thompson yesterday said the stake had been sold because he had been aware for some time that speculation relating to the holding had been detrimental to market rating of the company's shares.

Hillsdown itself was quick to express its appreciation. "It's very good news," commented chairman, Mr Harry Solomon. "It removes the overhang." The company's shares eased just 3p to 270p on the news.

Mr Thompson, who was recently ranked as the 19th richest man in Britain in a Sunday Times magazine survey, will now step down from his position as a non-executive director on Hillsdown's board.

Yesterday's placing was carried out by stockbrokers Smith New Court, rather than the company's brokers, Hoare Govett – suggesting that Mr Thompson was, to an extent, acting independently yesterday.

The brokers said the placing was smooth, and that the shares went to some 50 to 60 UK and overseas institutions. None of these is expected to emerge with disclosable stakes in the group.

Mr Thompson, whose family originally owned a meat trading business, founded Hillsdown in conjunction with Mr Solomon in 1975. After buying some sizable but poorly-performing food food sector assets, the company came to the market in early-1985, capitalised at £274m.

Mr Thompson, whose stake became diluted as a result, halved his then 30 per cent interest in the company in April 1987. On that occasion, he sold 55.4m shares at 260p apiece, raising £144m. He also stepped down as joint chairman at that time, taking a non-executive role.

Nokia reshapes its operations

By Olli Virtanen in Helsinki

NOKIA, the Finnish electronics group which has beeen struggling to absorb recent acquisitions, has regrouped into six independent business units, each headed by a president "with broad responsibility for its operations and development."

The shake-up, initiated by Mr Simo Vuorilehto, chairman and chief executive, also involves reducing the group head office to the chief executive's office and support services.

The six divisions are Nokia Consumer Electronics, (headed by Mr Jacques Noels), Nokia Data (Mr Kalle Isokallio), Nokia Mobile Phones (Mr Antti Lagerroos), Nokia Telecommunications (Mr Sakari Salminen), Cables and Machinery (Mr Seppo Ahonen) and Basic Industries, comprising Nokia Paper, Nokia Chemicals and Nokia Rubber (Mr Harry Mildh).

The appointments largely reflect previous duties of the executives concerned. Nokia's board will now consists of Mr Vuorilehto, the six presidents and Mr Paavo Rantanen, who is responsible for Nokia's international relations and trade policy.

The chief executive, says Mr Vuorilehto, will now have no more operational responsibilities. Delegation "creates greater clarity in the management system," he says.

The chief executive's office includes Mr Rantanen, Professor Matti Otala, who is in charge of research, development and technology matters, Mr Matti Saarinen, vice president for corporate communications and Mr Taavi Heinil, chief legal counsellor.

Pakhoed slips but Smit cuts loss

By Laura Raun in Amsterdam

PAKHOED, the Dutch storage and transport group, yesterday revealed that its 1988 earnings slipped by 9 per cent while Smit International,the salvage and dredging group, narrowed its losses.

The Rotterdam-based Pakhoed said net income slipped to Fl 62.66m ($29.7m) in 1988 from Fl 68.63m the year before, when profits were boosted by an extraordinary gain from the sale of Pandair International.

Pakhoed nevertheless boosted its 1988 dividend by 30 per cent to Fl 5 a share because operating income from ordinary operations surged 60 per cent to Fl 67.8m from Fl 42.5m.Higher earnings were predicted for this year.

Revenue surged 21 per cent to Fl 124.7m in 1988 fromFl 103.1m in 1987. Chemical product storage had higher turnover while crude oil storage was flat and oil products posted lower operating income.

At Smit International, losses shrank considerably to Fl 49m in fiscal 1987/88 from Fl 234m in 1986/87. No explanation was given for the improvement and no revenue figures were disclosed.

The company passed a dividend for the second consecutive year but forecast a break-even point in operating income in 1989. Smit, a world leader in ship salvage, has been hit by the slump in the offshore and shipping industries.

DAF lifts net profit by 133% to Fl 147m

By Kevin Done, Motor Industry Correspondent

DAF, the Dutch commercial vehicle manufacturer, increased its net profit by 133 per cent to Fl 147.1m ($69.7m) last year from Fl 63.1m in 1987, according to revised figures released yesterday.

The company, which is planning to go public in May with an international equity offering and a listing on both the London and Amsterdam stock exchanges, raised its turnover by 37.7 per cent to Fl 5.2bn from Fl 3.77bn.

DAF took over the former UK state-owned Leyland truck and Freight Rover van businesses in April 1987.

The company said yesterday that it has decided to drop the Freight Rover and Sherpa names for its UK-produced vans, which will in future be known as the Leyland DAF 200 and 400 ranges with a consistent naming policy in all European markets.

Coinciding with the name changes DAF is introducing a 2.5 litre diesel engine in both turbo and naturally aspirated forms in the 400 range supplied by PSA, the Peugeot/Citroen car and light commercial vehicle maker. PSA will also supply the transmissions.

Mr Aart van der Padt, chairman of the DAF management board, said that demand for commercial vehicles in West Europe was expected to be "somewhat lower" than the record level reached in 1988.

KLM trims Fokker orders

By Our Financial Staff

KLM Royal Dutch Airlines, the 34.9-per cent state-owned Dutch flag carrier, has cancelled orders for four of the 10 F-100 fanjets it previously had agreed to acquire from Fokker, the Dutch aerospace group, after a dispute over extra penalties for delivery delays by the manufacturer.

KLM added it was now "unlikely" that options previously agreed for the acquisition of five additional F-100s would be taken up.

German giants shake off the blues

David Goodhart sniffs an air of euphoria at the Hanover Trade Fair

"Take a look outside," invited the West German chief executive pointing through the window to the glistening display of industrial might at the annual Hanover Industrial Fair. "Is that really the Slow Man of Europe?"

On the company stands, and at the press conferences, the news is monotonously good: higher dividends, faster growth, exciting diversification.

The debate over Standort Deutschland – rising production costs in Germany – which was still a keynote of many speeches last year, seems to have disappeared altogether.

It was left to the politicians and business association leaders to warn against further cuts in working time at the Fair's opening ceremony on Tuesday. Earlier in the day at the press conferences of four heavy industrial groups – Hoesch, Thyssen, Mannesmann and Fried Krupp – it seemed that businessmen had forgotten how to moan.

Hoesch indicated that it would follow Thyssen's lead and increase its 1988 dividend and that 1988 turnover had risen 14 per cent to DM8.3bn ($4.44bn), or 15 per cent to DM14.5bn including unconsolidated businesses.

One such unconsolidated business – Hans Kolbe – in which Hoesch took a 27 per cent stake last year, was the main new item on display. The company, which has a turnover of DM400m and the largest domestic share of the circuit board market, is a typical example of a *Mittelstand* (medium-sized) company with a succession problem.

The current owner has no heir, so has decided to sell part of the business before the tax on such deals is nearly doubled next year. Hoesch executives are hoping that Kolbe's heavy capital requirements will increase its dependence and allow Hoesch to take a controlling stake.

Down the road at Thyssen an increase in sales of at least 10 per cent for the current year was predicted. With virtually no borrowings and accelerating profitability Thyssen is on the prowl for another big acquisition. Fried Krupp has been ruled out, but Kloeckner & Co is still looking for a new owner, and Thyssen itself has expressed an interest in Otto Wolf, the German metals group.

Parts of the German business press have decided that Mr Diether Spethmann, the Thyssen chief executive, is getting too big for his boots. But unperturbed by accusations of megalomania Mr Spethmann is busy placing his considerable weight behind the futuristic 300 mph Transrapid magnetic railway – for which Thyssen is main contractor.

The Government will decide later this year whether to spend the DM30bn required to make Germany's communications infrastructure even more impressive, and provide a showcase for the high-speed, engine-less train, which Thyssen then hopes to sell all over the world.

Less charismatic than Mr Spethmann but equally admired by his peers is Mr Werner Dieter, chief executive of Mannesmann, who announced higher profit for the first two months of the current year and a 20 per cent rise in orders in January-February.

And even Fried Krupp, Germany's heavy industrial invalid, was able to announce a 20 per cent increase in first-quarter orders. Mr Gerhard Cromme, former head of the steel division and now chief executive of the whole group, said the strength of the West German economy was helping the company restructure after recent losses.

Krupp has recently sold one subsidiary to Mannesmann and further divestments can be expected.

The other less healthy company, Klöckner-Werke, was yesterday claiming to have turned the corner after losses of DM390m in 1986-87. Despite operating profits of DM131m in 1987-88 the company only broke even after various exceptional costs, but in the current year earnings of over DM100m are expected.

Although the Ruhr-based industrial giants have substantially reduced their dependence on steel in recent years, a booming steel market is still a big bonus and has allowed two price increases last June and January.

According to Mr Ruprecht Vondran, the normally gloomy president of the Steel Employers' Association, the boom is not about to peter out. Raw steel production was up a further 2.4 per cent in the first quarter.

As a recent German Chambers of Commerce survey revealed there is enormous confidence about 1992. Just before the Hanover Fair opened another survey, by Manager Magazin and Roland Berger consultants, declared that of the 20 companies best prepared for 1992 five are German, including at the top of the list Kühne & Nagel, a transport firm half-owned by Lonrho. In second place was Nestlé, followed by SKF and Deutsche Bank.

The consultants sent a complex 11-page questionnaire to more than 500 companies and got replies from about 150. The three other German companies in the top 20 were Henkel, Daimler-Benz and Bayer. The only two UK firms were Ocean Transport & Trading at number five, and Barclays Bank at number nine.

There were one or two 1992-related fears tucked away in the opening speeches. Most notably Mr Dieter of Mannesmann pointed out that he has to pay DM93 in environmental costs on every tonne of steel tube while his French competitors pay only DM52 per tonne. He pointed out earlier that Germany's exports of investment goods to the EC are more than all of France's EC exports put together, so the burden is clearly not crippling.

However, confidence, bordering on euphoria, at Hanover is badly timed. Mr Franz Steinkuhler, leader of the giant IG Metall trade union, will be pushing hard for the 35-hour week early next year. The employers insist that they can pay more money but cannot budge on hours.

But they will almost certainly have to concede something on working time, even if the union also has to accept greater flexibility. The atmosphere in Hanover will not have strengthened the employers' resolve.

MAN set for 25% rise

MAN, the big West German truck, engineering, and steel trading concern, is on target for net profits of some DM250m ($134m) this financial year, a further rise of 25 per cent, writes Andrew Fisher in Frankfurt.

The improvement is the result of a sharp rise in new business and the impact of the group's extensive restructuring efforts.

Mr Klaus Götte, chairman, said in an interview at MAN's Munich headquarters: "The economy is developing well and we are participating fully in this. Practically all our operations are running at full capacity."

Net profits in the last financial year ended June 30, 1988, rose by 24 per cent to DM202m. Asked if the figure could reach DM250m or so in 1988-89, based on his aim of a 1.6 per cent return on turnover of some DM15.5bn, he said: "I have no objection to this calculation." MAN's two biggest activities, trucks and printing machinery, have contributed considerably to the group's surge in earnings.

In 1987-88, the truck division improved by DM106m from a hefty loss, to a DM48m net profit before tax, the turnround was DM150m. Mr Götte said trucks were again improving strongly this year.

For both trucks and printing machinery, he expected taxable profits of between DM250m and DM300m in 1988-89 after DM200m last year. Five years ago, their combined losses exceeded DM250m. The marine diesel division should also make a small profit this year, its first since the early 1980s.

Mr Götte said he hoped for Federal Cartel Office approval of MAN's planned purchase of the marine and land-diesel activities of Sulzer of Switzerland. With the marine engine market likely to recover gradually, the MAN division, augmented by Sulzer engines and the stake in France's Pielstick, should produce steadily higher results, though "not super profits."

LVMH increases profits by 49% and lifts dividend

By Paul Betts in Paris

MOET Hennessy Louis Vuitton (LVMH), the French champagne, cognac, perfume and luxury products group, yesterday reported a 49 per cent increase in consolidated net profits to FFr2bn ($317.4m) last year from profits of FFr1.3bn the previous year.

The group, which has been shaken by a fierce boardroom battle during the last year, also announced a 37.5 per cent increase in its net dividend payout to FFr44 a share this year.

LVMH said its 12 per cent stake in Guinness, the UK drinks group, had directly contributed an additional 5 per cent rise in net profits last year.

It added that pre-tax operating profits, which did not take into account the Guinness stake, rose by 34 per cent to FFr4.24bn.

Group sales increased by 24 per cent to FFr16.4bn last year, while turnover during the first two months of the year rose by 30 per cent to FFr2.76bn compared with the first two months of the previous year.

The breakdown of the group's pre-tax operating profits shows that the Louis Vuitton luggage and luxury accessories subsidiary had the single biggest profit rise last year.

Operating profits of this subsidiary rose by 69 per cent to FFr1.458bn on a 50 per cent increase in sales to FFr3.58bn.

Operating profits of the champagne and wine section rose by 8 per cent to FFr1.042bn on a 10 per cent rise in sales to FFr4.876bn last year.

The boardroom struggle has now gone to the French courts, with Mr Bernard Arnault, the new chairman, seeking to change the statutes of the Louis Vuitton subsidiary to force Mr Henry Racamier, the veteran head of the Louis Vuitton side, to resign.

Murdoch to sell some US titles

By Anatole Kaletsky

MR RUPERT Murdoch's News Corporation is seeking buyers for several of its US magazines as part of an asset disposal and debt reduction programme.

Analysts said News Corp could raise as much as US$500m for its travel and hotel industry trade publications, for which the company said yesterday that it had received offers. It is considering these bids at present, but denied reports that some of its consumer magazines and newspapers might also be for sale.

Yesterday's announcement followed speculation on Wall Street about how News Corp would honour the pledge it made last year to reduce its $7bn debt by about $2bn by the middle of 1989.

The promise was made shortly after the company's acquisition of Triangle Publications, the US publisher of TV Guide, Seventeen and The Daily Racing Form, for $3bn last summer.

Since then News Corp, which had previously been one of the most acquisitive companies in the global media industry, has sold magazines and property assets worth around $300m.

Some of these proceeds, however, have been spent on additional acquisitions. And earlier this year Mr Murdoch announced a much more ambitious and complex plan to create a new international media acquisition vehicle.

News Corp is said by some analysts to be considering the sale of some of its general consumer publications, including The Star, a sensational weekly tabloid sold in supermarkets, and possibly even Seventeen, which it acquired as part of Triangle. But yesterday's announcement seemed to exclude these possibilities, at least for the time being.

Intel to build computer for US defence

By Louise Kehoe

INTEL, the US chip manufacturer, is to develop an extraordinarily powerful computer for the US Defence Department under the terms of a contract with the Defence Advanced Research Projects Agency (Darpa). Intel will develop a prototype system that will ultimately offer performance levels 100 times greater than today's most powerful computers.

The agency will contribute $7.6m in research funds in the next three years as part of the programme's approximate $27.5m cost, Intel said. The company aims to demonstrate a prototype of the computer system by the end of 1991 for Darpa and also plans to develop commercial versions.

A significant portion of the funds will go towards developing software that makes the super-powerful computers as easy to use as today's computer workstations, Intel said.

Touchstone, as the computer development project has been named, will be a "massively parallel" computer system. These are computers that use closely linked processors that share the computer's load.

"We expect this project to improve parallel computing performance levels 100 times over what they are today as well as create the software environment to give these powerful machines the look and feel of conventional systems," said Mr Justin Rattner, an Intel engineer.

"The early prototypes will focus on computers with hundreds of processors, proving the technology for systems with thousands of processors."

New England utility makes $2bn bid

By Karen Zagor in New York

NEW ENGLAND Electric System, the healthy Massachusetts utility, has bid more than $2bn for the non-Seabrook operating assets of the beleaguered Public Service of New Hampshire.

PSNH was forced into Chapter 11 after it was barred from including the hefty debt from its Seabrook nuclear plant in its rate base. Without its Seabrook burden it would make healthy profits.

The offer includes $1.19bn in cash, $210m in securities and a contract to purchase power from Seabrook, valued at $850m. PSNH will be left with about $100m of cash from operations.

Mr John Duffett, president and chief executive of PSNH, said the company had received a substantial bid worth around $2bn from Northeast Utilities, and expects other offers to follow.

"We have an obligation to give those proposals due consideration," he said.

Analysts say the New Hampshire utility is particularly attractive to New England Electric because the peak demand in New Hampshire comes in winter rather than New England's peak summer period.

Soviet video game 'set to storm the world'

By Louise Kehoe in San Francisco

NINTENDO, the video game manufacturer, said yesterday it will offer the first ever video game developed in the USSR and predicted that the game, called Tetris, will become one of its all-time big sellers.

Nintendo America, the US subsidiary of the Japanese manufacturer, said the company had entered into a worldwide exclusive licensing agreement with Elorg, the Soviet Foreign Trade Association, to market Tetris.

Mr Minoru Arakawa, Nintendo president, said the game had already sold more than 100,000 copies for use on home computers in the US and won numerous industry awards.

Elorg and Soviet trade missions to the US have been actively seeking arrangements to sell computer software in the West as well as agreements to export US-built computers to the Soviet Union.

The Nintendo agreement is the most significant announced to date and is likely to boost interest in Soviet software, overcoming widespread scepticism.

Tetris cartridges will be available from Nintendo in the near future, the company said. The video game challenges players to race the clock to arrange falling blocks of various shapes and colours into neat rows.

Nintendo is the dominant force in the US and Japanese video games market with 1988 American sales of $1.7bn. The company has been forced to postpone plans to launch its video game products in Europe due to overwhelming demand in the US as well as component shortages.

Nintendo America said there were no plans to sell Nintendo video games in the Soviet Union.

Heavy loss for Amoco Canada

By Robert Gibbens in Montreal

A HUGE increase in interest costs for last year's $C5.2bn (US$4.4bn) acquisition of Dome Petroleum has bought a heavy loss for Amoco Canada Petroleum.

The fully-owned subsidiary of Chicago's Amoco Petroleum reported a net loss of C$52m for 1988, against a profit of C$146m the previous year. Amoco Canada acquired troubled Dome on September 1 1988, and its results were included for four months.

Amoco Canada is carrying C$4bn of new debt issued for the Dome takeover, and interest expenses last year jumped to $233m from $51m in 1987.

Bond sells holding in BHP Gold

By Chris Sherwell in Sydney

MR ALAN BOND, the Australian entrepreneur whose Bond group of companies is under financial and other pressure, yesterday continued his string of asset sales with the A$34.7m (US$27.8m) disposal of a stake in BHP Gold.

The disposal follows a series of announcements in recent weeks relating to Bond assets. It also comes a day before the Australian Broadcasting Tribunal, the country's radio and television watchdog, is due to announce the findings of its lengthy inquiry into Mr Bond's fitness to hold his 15 radio and television broadcasting licences.

The BHP Gold sale, by the Bond-controlled Bell Resources, was of 72.25m shares at 48 cents a share, about 3 cents below market levels. More than half the holding went to a single unidentified Australian purchaser, the rest to international institutions.

BHP Gold is 55 per cent owned by Broken Hill Proprietary, Australia's largest company, and is involved with two of Australia's largest gold mines, Boddington and Telfer. The Bell stake, acquired when Bell built up a large holding in BHP, was equivalent to 7.5 per cent of the company.

In a swirl of other recent selling activity, Bond a month ago abandoned an assault on Lonrho of the UK and put its 20 per cent holding on the market for around £365m (US$621.4m).

Bond has also reduced its immediate financial commitments in the big Chifley Square property development in Sydney, and reversed a controversial deal involving commercial land in Rome.

It is said to be considering the sale of its Bond Centre building in Hong Kong as well.

(At an extraordinary general meeting yesterday of shareholders in Bond Corporation International, the group's quoted Hong Kong arm, Mr Peter Lucas, BCI managing director, described the half-owned Bond Centre as one of its biggest successes and added: "Bond Centre has fulfilled our expectation."

This week Mr Bond took the unusual step of writing to Bond Corporation employees worldwide to reassure them that the group is "robust and healthy."

In Australian television, Mr Bond holds his lucrative licences through Bond Media, which among other things operates Channel Nine, one of three commercial networks.

The inquiry concerns the circumstances of a A$400,000 defamation payout to Sir Joh Bjelke-Petersen, the former Queensland premier, as well as fake radio tapes submitted by Bond officials to the tribunal, and alleged threats by Mr Bond against the AMP, Australia's largest insurance and investment institution.

In February the tribunal said that on the evidence it was open for the tribunal to find against him. It listed 29 possible findings of fact adverse to Bond, but deferred a formal pronouncement.

If its initial view prevails today, the tribunal can revoke, suspend or impose conditions on the licences. But it will not decide this until it has held further hearings in May. Revocation is likely to entail a fire-sale of the media assets, almost certainly at a large loss.

Japan investigates Pickens Koito holding

By Stefan Wagstyl in Tokyo

JAPANESE regulatory authorities are investigating the acquisition by Mr T. Boone Pickens, the US corporate raider, of a Y152bn ($1.2bn) stake in Koito Manufacturing, Japan's leading car lighting company and an affiliate of Toyota Motor.

The Ministry of Finance (MoF) is trying to discover how Mr Pickens acquired 20.2 per cent of the company. In particular it wants to know whether he has any connection with one or more groups of Japanese speculators who had previously accumulated unwelcome stakes in Koito.

The Tokyo Stock Exchange is examining trading in Koito shares last week when the price soared by 26 per cent in advance of the disclosure of the stake held by Mr Pickens through Boone Co, a private investment partnership.

A TSE official said such investigations were routine after such an unusual movement in share prices. But foreign stockbrokers said the involvement of a foreign corporate raider in the market would make the exchange and the MoF more keen to get to the bottom of the affair.

Greenmailing – the process whereby raiders buy stakes in order to force target companies to buy them back at inflated prices – is not illegal in Japan.

But the MoF has been trying to discourage the practice, which it believes is disruptive. Its investigation could focus on whether Boone tried to disguise the size of its stake by using nominee accounts, a practice which is legal but against ministerial guidelines.

However, it may prove a vain hunt. Several market analysts believe that Boone bought some or all of its stake from Japanese speculators, including Azabu Motor, a car sales company headed by Mr Kitaro Watanabe, a wealthy speculative investor. Azabu has in the past proved adept at disguising its holdings in Koito which were once as high as an estimated 30 per cent, well above the 10 per cent limit at which stakes are meant to be disclosed.

Koito has said it has no idea of Boone's plans. The only previous attempt by foreigner to buy a Japanese group ended in failure when Trafalgar-Glen, a UK-US investor partnership failed in 1985 to buy Minebea, the ball bearing maker.

Toyota has said it will not buy Koito stock at current prices. But the company has caved in to greenmailers once before – in 1986 it bought out a speculator who had build up a stake in Toyota Automatic Loom Works, a forerunner of Toyota Motor.

Atlas mines turns round after five years in red

By Richard Gourlay in Manila

ATLAS CONSOLIDATED Mining and Development, the Philippines' largest copper producer, yesterday announced the end of a five-year loss-making run as net income for 1988 reached 760m pesos ($36.9m) compared with a loss of 173m pesos the previous year.

Revenues increased 30 per cent to 4.83bn pesos after rising 57 per cent in 1987.

The results came as a boardroom battle moved up a gear with the announcement that a consortium headed by a prominent Filipino businessman has told the country's Securities and Exchange Commission (SEC) it holds 18 per cent of the company's common stock and has launched an attempt to gain control.

The consortium, led by Mr Alfredo Ramos, an oil explorer and publisher, is attempting to wrest control from Andres Soriano Corporation (Anscor), which, despite having less than 10 per cent of the company, exercises effective control through a lucrative management contract, according to industry officials.

The consortium said it planned to restructure the Atlas debt, which stood at $180m at the end of last year, and terminate the Anscor contract. Shareholders are due to meet on April 23 to elect a new board.

The move by the Ramos consortium came as San Miguel Corporation, a bastion of the Soriano family empire whose chairman is Mr Andres Soriano, is also under attack, this time from the SEC. The authorities have launched an inquiry into the possibility that officers of the diversified food and beverage group might have been involved in insider trading following a sharp rise in the price of San Miguel A shares before announcement of dividends last Friday.

The A shares jumped to 179 pesos from 155 pesos although the one-for-one stock bonus and 80 centavos per share dividend were announced after the market closed. Mrs Rosario Lopez, the newly appointed SEC chairwoman, said San Miguel would also be asked to explain why it released the news of stock dividends before informing the SEC.

The SEC's audit team will investigate whether those San Miguel officers with prior knowledge of the stock dividends might have been involved in transactions on Manila's two exchanges. San Miguel will appear before the SEC on April 11.

San Miguel refused to comment on the investigation but said it had informed the SEC on the day the board approved the distributions.

Alfa forms polymer joint venture with US group

By Richard Johns in Mexico City

GRUPO Industrial Alfa, Mexico's leading industrial conglomerate, and Himont of the US have agreed to form a 250bn peso ($104.4m) joint venture to produce polypropolene for the domestic and export markets.

It is the first major expansion by Alfa since it completed a restructuring of its foreign debt last year, an exercise which wiped off $1.5bn of external liabilities totalling $2.7bn, and rationalised its business interests.

Alfa will have a 40 per cent share, its affiliate Petrocel 30 per cent and Himont 30 per cent in a company called Indelpro. Its plant, using the US company's Spheriform technology, is to be located at Altamira in Tamaulipas.

Himont, with sales last year of $1.8bn, is acknowledged as a world leader in the production of polymers and, in particular, polypropylene. The joint venture is aimed at satisfying domestic demand for polypropylene, none of which is produced in Mexico, and providing additional export capacity.

Under its drastic rationalisation Alfa decided to concentrate mainly on steel, through its Hylsa subsidiary, and petrochemicals, a sector where major opportunities were created by the Government's decision last year to open 36 product groups to investment by the private sector.

A similar number of "basic petrochemicals" is reserved for the Petroleos de Mexico (Pemex) but given the state oil corporation's lack of investment capital the private sector is optimistic about being given further scope.

Curragh plans zinc stake

By Peter Bruce in Madrid

CURRAGH Resources, the Canadian mining group, is negotiating to buy 20 per cent of Europe's biggest zinc producer, Asturiana de Zinc, a Spanish group owned by Banco Espanol de Credito (Banesto), bank officials confirmed yesterday.

Banesto owned 82 per cent of Asturiana a year ago but floated off 11 per cent in a private placement in London last October. The proposed sale to the Canadians would still leave the bank in control of the company.

It is possible that in return for the sale, Asturiana would take a 5 per cent stake in Curragh.

Asturiana de Zinc is the world's third largest zinc producer. It mines a high grade ore, chiefly in the south of Spain and has a smelting capacity of 25,000 tonnes a year. The Spanish group, helped by a sharp recovery in zinc prices, lifted its pre-tax profits to Pta 7.8bn last year from Pta 2.5bn in 1987.

Sales grew nearly five times to Pta 35.9bn. The two companies are also discussing the formation of a joint venture to exploit a new mine in British Columbia.

Sabic trebles net and plans public issue

By Our Financial Staff

SAUDI BASIC Industries Corporation (Sabic), the kingdom's main industrial conglomerate, more than trebled net profits last year to SR3.2bn ($854.8m) from SR1.02bn and is planning a public share offer to raise further funds.

The board has decided to issue shares representing 25 per cent of outstanding capital, but it gave no further indication on size, price or timing.

Following a partial flotation of Sabic in 1986 the government retains a 70 per cent stake.

Officials said Sabic would distribute 10 per cent of 1988 profits among shareholders and the shares, 50 per cent paid at present, would now be deemed 75 per cent paid.

INTERNATIONAL CAPITAL MARKETS

Managers face placing dilemma on Italy issue

By Andrew Freeman

NEW ISSUE activity on the Eurobond markets took second place yesterday to attempts by traders to place existing paper. Nowhere was this more the case than in the Eurosterling sector, where Wednesday's £400m issue by the Republic of Italy continued to dominate.

Leading UK institutions continued to spurn the issue, and members of the syndicate headed by Credit Suisse First Boston reported very limited interest. Although it was harder to gauge continental European demand, there was scepticism over claims that significant sales had been made into accounts there.

Two worries were central to debate over the issue. The belief that the investors with the largest appetite for long-dated sterling bonds, namely UK insurance companies and pension funds, have not been buyers of the Italy paper led to concern that existing holders, particularly those rumoured to be non-UK funds, will rush to sell their bonds at the first sign that sterling might weaken.

That this would severely damage the sterling bond markets as a whole was indicated by the sharp widening of spreads on the corporate debt market when news of the Italy deal was confirmed.

The second worry was that a group of the most powerful UK institutions was rumoured to have determined to resist the sales efforts of the syndicate until the spread on the Italian bonds widens to around 120 or even 125 basis points over the benchmark long gilt. "The pricing was wrong, and that has moved the entire market lower," said one fund manager.

INTERNATIONAL BONDS

If the gilt market stays at current levels, CSFB, by its own admission the largest holder of the bonds, would face enormous losses on the issue if it had to place it at the price implied by a 120 basis point spread.

Not unnaturally, the lead manager was braving it out. The bonds were trading in the market at 98.20 bid, a considerable discount to the issue price of 100⅞ per cent, and a price at which the co-lead managers had to work hard to sell bonds without booking a loss.

Elsewhere, a deal which was signposted at the same time as the Italy issue, was very successfully launched for Ferrovie dello Stato by San Paolo Bank. The L300bn floating-rate eight-year issue was quickly increased to L500bn in what an official for the lead manager described as "big, big demand."

Tax exemptions for Italian investors implied an attractive yield, based on current levels of London interbank bid rates and the ICM index of bonds on which the coupon is calculated, of around 12⅛ per cent on a compounded annual basis.

Before the increase, the bonds were trading at 100.40 bid, falling to 100⅛ bid, still a sharp premium to the par issue price.

Barclays de Zoete Wedd reopened the World Bank's £200m 11⅝ per cent 2008 bulldog issue, bringing a £35m tranche which was placed at an undisclosed price with a few UK institutions. It is understood that the paper was placed at a spread of around 67 basis points over the benchmark gilt. The proceeds were swapped into floating-rate US dollars.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
LIRE						
Ferrovie dello Stato(a)‡◆	500bn	(a)	100	1997	75/40bp	Ist.Ban.San Paolo di Tor.
YEN						
Great Belt (Denmark)◆	7bn	(b)	100.10	1994	20/10bp	LTCB Int.
Societe Generale(c)◆	5.6bn	7½	101⅛	1994	1⅛/1⅛	Nomura Int.
STERLING						
Issue update:						
World Bank(d)◆	35	11⅝	(d)	2008	n/a	BZW
SWISS FRANCS						
Komatsu Zenoah†‡◆	100	(1¼)	100	1994	n/a	UBS
Final terms fixed on:						
Shinobi Foods Prod.(e)†‡◆	30	½	100	1994	n/a	Nomura Bank(Switzerland)
US DOLLARS						
Final terms fixed on:						
Japan Air Lines(f)‡◆	Tba	4⅞	100	1993	2¼/1⅞	Nomura Int.
Santander Fin.Iss.(g)‡◆	200	7½	100	1996	2¼/1⅞	Morgan Stanley Int.
Fujita Tourist Enter.(h)‡◆	100	4⅞	100	1993	2¼/1⅞	Nikko Secs. (Europe)

◆Private placement. ‡Floating rate notes. §Convertible. †With equity warrants. ◆Final terms. a) Average of 6-month Libid and net annual yield of Istituto Credito Mobiliare bonds (ICM). Call at par from May 1990 and on any coupon date thereafter. b) Coupon based on yen/yen interest swap rate less 30bp. c) Redemption linked to Nikkei stock index. d) Issue price not disclosed. Fungible with issue launched in 1988. e) Put option Exceed 108¾ to yield 1.864%. f) Coupon indicated at 4⅞%. g) Coupon indicated at 7⅜-7⅝%. h) Coupon cut by ⅛% from indication.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Closing prices on April 6

US DOLLAR STRAIGHTS; OTHER STRAIGHTS; DEUTSCHE MARK STRAIGHTS; FLOATING RATE NOTES; SWISS FRANC STRAIGHTS; CONVERTIBLE BONDS

Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Land Secs. 6¾ 02 £	6/87	6.72	95¾	96¾	-0¾	14.07
MCA Inc 5½ 02 US	9/87	69.62	92¾	93¾	-1¾	18.46
Minolta Camera 2¼ 94DM	2/86	1004.	114½	115¾	+5¾	12.77
Mitsubishi Bk.1¾ 02 US	9/87	3157.	121	123	-1¾	8.39
Mitsui Trust 2⅝ 01 US	10/86	1903.	136	137	-3⅝	2.86
Next Plc 5¾ 03 £	11/87	4.3	98¾	99¾	+0¼	186.07
Nibl Nipp.Bk.2⅝ 03 US	4/88	804.	118	119	-1½	5.86
Sanyo Tasaki 2⅝ 02 US	4/87	1310.	221¼	222¼	+4¼	-1.14
Ranks Hovis 4¾ 03 £	11/88	3.5	116¼	117¼	0	4.51
Redland 7¼ 02 £	1/87	5.4	101⅝	102⅝	-0¼	3.27
Saatchi&Saatchi 6¾ 03 £	†10/89	4.41	94	95	+0¼	46.23
Sumitomo Bank 3¼ 04 US	2/89	4296.	93	94	-0¾	13.97
Texas Inst. 2¾ 02 US	9/87	82.87	72¾	73¾	-0¾	56.40
W.R. Grace 6¼ 02 US	9/87	42.12	92¾	93¾	-0¼	22.26

* No information available-previous day's price

† Only one market maker supplied a price

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.
Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡three-month; §above mean rate) for US dollars. C.cpn = The current coupon.
Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv date = First date of conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Nigeria raises bank reserve requirement

THE CENTRAL Bank of Nigeria has raised reserve requirements and minimum liquidity ratios for banks in a move aimed at minimising inflationary pressures and stabilising the naira exchange rate, Reuter reports.

According to Mr Abdulkadir Ahmed, the bank governor, banks' cash reserve requirements have been increased by one percentage point. They now range from 6 per cent for banks with less than 100m naira of total deposits to 9 per cent for those with deposits of over 1bn naira.

Minimum liquidity ratios have been raised to 30 per cent from 27.5 per cent for commercial banks and to 22.5 per cent from 20 per cent for merchant banks, Mr Ahmed said.

The CBN would only approve payment of dividends from bank funds by banks maintaining a ratio of one to 10 between adjusted capital funds and total loans and advances, as against a ratio of one to 12 previously.

Banks are no longer allowed to grant domestic naira loans on the security of foreign guarantees or deposits or foreign currency accounts with Nigerian banks.

Banks contravening this directive would be made to deposit with the CBN, for not less than three months, an amount equivalent to the loan granted, which would bear no interest and be excluded from liquidity ratio calculations.

"Developments in the economy during the first quarter of 1989 have indicated mounting aggregate demand pressures with spill-over effects on prices and the naira exchange rate," Mr Ahmed said.

The increased liquidity arose from accelerated bank credit expansion, he added.

BHF advances by 2% despite increase in costs

By Haig Simonian in Frankfurt

GROUP PARTIAL operating profits at Berliner Handels- und Frankfurter Bank (BHF), the medium-sized West German bank, rose by almost 2 per cent to DM224m ($120m) last year from DM220m in 1987, despite an almost 13 per cent rise in group personnel costs to about DM280m following further staff expansion.

Prospects for the current year looked mixed, according to Mr Klaus Subjetzki, one of the bank's partners. Partial operating profits so far were running slightly below last year's level, with a rise in fee income offset by lower interest income on account of higher domestic interest rates. However, results for the year as a whole should be "satisfactory," he said.

Group interest income in 1988 rose by 12.1 per cent to DM441m, while fee income increased by 8.2 per cent to almost DM171m. Group total assets climbed by 10.7 per cent to almost DM33.9bn, while group net profit fell marginally to DM86.7m.

Partial operating profits at parent bank level rose by 9.1 per cent to DM153m, while full operating profits increased by roughly the same amount, said Mr Subjetzki.

Last year's results were hit by start-up costs and difficult trading conditions in the international securities business. BHF's newly-formed capital markets operations in London and Tokyo lost some DM6m and DM2.7m respectively last year.

However, the bank remains convinced of the long-term merit of establishing its presence in overseas securities markets.

INTERNATIONAL CAPITAL MARKETS

US Treasuries in cautious mood ahead of jobs data

By Janet Bush in New York, George Graham in Paris and Katharine Campbell in London

THE US Treasury bond market settled into cautious range of trading yesterday morning, positioning itself for today's March jobs and wages figures.

At midsession, prices were quoted as much as ⅛ point lower at the long end of the market, boosting the yield on the Treasury's benchmark long bond to 9.03 per cent.

Expectations for today's figures are for a rise in the non-farm payroll of around 215,000 compared with the gain of 289,000 in February, so signally a deceleration in job creation. Forecasters are also looking for a rise in the unemployment rate to 5.2 per cent or 5.3 per cent from 5.1 per cent in February.

The market is vulnerable to a set of figures which show stronger activity in the jobs market than this. After a strong run, prices appear to have become more susceptible to pressure particularly at the short-end of the yield curve where rates do not anywhere near reflect the current level of Fed Funds.

The yield on short-dated issues currently stands at around 9.5 per cent after two days of modest price declines but this is still well below the Fed Funds rate of 9¾ per cent which has prevailed over recent weeks.

Evidence that the market is vulnerable at current yield levels came on Wednesday when prices registered small declines despite a sharp drop in crude oil prices and the Commodity Research Bureau's index of commodity prices.

A stronger than expected jobs figure would set the stage for a worrying few days next week until the March producer prices index is released on April 14.

THE French government sold FFr9.965bn of Treasury bonds at its regular monthly auction yesterday, close to the upper limit of FFr10bn previously announced.

GOVERNMENT BONDS

The bulk of the auction was devoted to the floating rate OAT TME 2001, a 12-year bond indexed on the monthly average yields of government bonds in the secondary market. The government sold FFr5.88bn of this bond at the auction, meeting over half the demands presented, at a cut-off price of 99.00, giving a weighted average yield of 63 basis points below the TME index.

A further FFr2.535bn was sold at the auction of the 10-year fixed rate OAT 8.125 per cent 1999. With the cut-off price fixed at 94.70, the government met less than a fifth of the heavy demand for the stock. The weighted average yield of 8.94 per cent was 41 basis points below the March auction yield.

Around a quarter of the bids were served on the 15 year fixed rate OAT 8.25 per cent 2004, with FFr1.55bn sold at a cut-off price of 93.00, giving a weighted average yield of 9.12 per cent.

MOST TRADERS in Europe were holding their breath ahead of today's US employment data. With retail investors still largely absent from the market, hopes are high that the numbers will furnish sufficient evidence of a slow-down in the US economy to rekindle retail participation.

The German market traded in a narrow range yesterday – with just 15 basis points between the highs and lows of the bund future on Liffe. The Bundesbank's fortnightly policy meeting yielded no changes, as expected, so prices were driven almost exclusively by technical factors. The most significant of these was the presence of a very large trader on the floor of Liffe, switching from UK government bonds into bunds, to the tune of between 1000 and 1500 contracts.

UK GILT-EDGED securities passed another uneventful day. Long gilts were marked down ⅛ of a point at the opening, as the weight of unsold republic of Italy Eurobond paper hung over the marketplace. Only the medium sector was well supported by the prospect of the Bank of England's stock buy-in, as short gilts were also marked lower on currency uncertainty.

A rally in the long gilt future of about half a point helped by some sterling firmness the afternoon pulled prices in the cash market along. In late trading, the benchmark Treasury stock due 2003-2007, which had traded as low as 114⅛ during the morning, was quoted at 114⅞, ⅛ of a point down on Wednesday's close.

Dealers said that the low increase in weekly notes in circulation, just 3.3 per cent up on the same period last year, hardly impacted the market.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS		13.500	9/92	107-07	-1/32	10.93	10.83	10.47
		9.750	1/98	97-11	-1/32	10.21	10.15	9.90
		9.000	10/08	97-04	-4/32	9.35	9.20	9.02
US TREASURY *		8.875	2/99	97-29	-4/32	9.24	9.38	8.30
		8.875	2/19	98-11	-2/32	9.05	9.18	8.12
JAPAN	No 111	4.600	6/98	98.0845	-0.209	5.23	5.10	5.18
	No 2	5.700	3/07	106.2221	-0.302	5.04	4.99	4.90
GERMANY		6.375	11/98	98.4000	+0.050	6.59	6.55	6.55
FRANCE	BTAN	8.000	1/94	96.3018	+0.036	8.97	[illegible]	9.27
	OAT	8.125	5/99	94.7500	+0.010	8.92	8.99	9.08
CANADA *		10.250	12/98	98.7500	-0.500	10.45	10.56	10.45
NETHERLANDS		6.7500	10/98	97.7750	-0.100	7.07	7.14	7.09
AUSTRALIA		12.000	7/99	90.5814	+0.580	13.72	13.55	13.65

London closing, *denotes New York morning session
Yields: Local market standard   Prices: US, UK in 32nds, others in decimal
Technical Data/ATLAS Price Sources

Moody's study sees no challenge from 1992

By Norma Cohen

THE EUROPEAN integration planned for 1992 will pose little competitive challenge to the Euromarkets or the US and Japanese bond markets over the next five years, according to a study by economists at Moody's Investors Service.

Continued policy fragmentation within the EC is likely to only perpetuate country-by-country differences in inflation and exchange rates, making it likely that borrowers will continue to exploit differences among national bond markets.

"Without clear prospects for a stable monetary framework, efficient financial pricing will be difficult; therefore borrowers and lenders will continue to favor the broader Euromarkets or the US capital market," according to Mr Kaj Areskoug, Moody's senior economist.

Also, the possible admission to the EC of one or more members of the European Free Trade Association could weaken the cohesion of the original EC bloc. In such a situation, there is little prospect of a single central bank or a Pan-European currency.

However, Mr Areskoug suggests that short of adopting a single currency, EC members may form themselves loosely into a two-tiered monetary system with the inner tier consisting of an Ecu-D-Mark block containing the currencies of France, the Benelux countries, Italy and West Germany. If such an inner-bloc of currencies did develop, it could promote creation of a Ecu-bloc capital market that would absorb many issues now channelled into the Euromarkets.

Another stumbling block to the formation of a fully integrated European capital market concerns the inability to hammer out a uniform regulatory structure. In addition to disagreements over reciprocity of access to markets, Japan and the US's continued legal distinction between the role of banks and securities houses is hampering efforts on a cohesive regulatory structure.

EC 1992: National Policy Differences Delay Progress. Dr Kaj Areskoug, Moody's Investors Service

Japanese scoop bond auction pool

By Michiyo Nakamoto in Tokyo and Norma Cohen in London

THE FIRST auction of 10-year Japanese government bonds under a new system designed to allow foreigners greater access to the primary market turned out to be a huge success for the Government but a big disappointment for many of the foreign firms that had been pushing for the changes.

The auction, intended to allocate Y400bn among a wide group of domestic and foreign banks and securities firms, was said to have yielded one Japanese firm, Nomura, about 30 per cent of all securities available, while a number of major foreign securities houses were said to have had every single one of their offers rejected.

"This does not mean that these firms were unsuccessful because they are foreign," said an official at Goldman Sachs, one of the few successful foreign bidders. It was simply that Japanese domestic institutions had offered bid prices so far above market levels that the bids of foreign firms were rejected, dealers explained. In total, non-Japanese houses are believed to have bought no more than Y2bn to Y3bn.

One Japanese trust bank was said to have been allocated about Y50bn, while the larger Japanese city banks were said to have been allocated Y15bn each.

But the high average bid price also meant that many domestic firms, including Sumitomo Bank, one of the major city banks, bid unsuccessfully as well.

Privately, dealers said that if the pattern at yesterday's auction persists in other JGB auctions, it will lead to charges that the Ministry of Finance's liberalisation of Japanese financial markets is a sham.

The April issue of 10-year Japanese government bonds with a 4.8 per cent coupon, the first to be auctioned on the basis of bid prices, received an average bid price of 99.91 and a yield of 4.813 per cent – well below yields currently available on other securities of similar maturity.

For instance, the JGB 108 bond which also has a 4.8 per cent coupon, was yielding 5.00/5.02 per cent at the close of trading in Tokyo yesterday.

One indication of the artificial level of rates achieved at the auction was the response of the grey market minutes after bids were submitted to the Ministry of Finance. The new bonds immediately fell to a discount of less 85 basis points from their auction price, producing a yield of 4.95 per cent. By the end of the trading day in London, the bonds were at a discount of less 65 basis points.

The total amount of bids received at Y2,086.2bn was more than five times the Y400bn available. The average bid price, which was far above the expected market level of about Y99, reflected what many saw as excessive competition.

Global visionary takes over at S-E-Bank

Sara Webb profiles a big Swedish bank's new chief executive

When Mr Jacob Palmstierna formally takes over next Tuesday as group chief executive and chairman of the executive management at Skandinaviska Enskilda Banken, his primary goal will be to push ahead with plans to make Sweden's leading commercial bank even more international in nature.

It's a goal he has devoted himself to in recent years, as president of the bank and a member of its executive management. He sees the bank's Swedish orientation as a weakness which must be corrected.

Described by one colleague as "a man of vision and considerable intellect who doesn't suffer fools gladly," Mr Palmstierna has already done much to develop S-E Banken's international side. He was appointed head of the bank's international business operations in 1982, and pushed for the bank to develop services for Sweden's major industrial companies (which are eagerly expanding abroad) and to build up a network of offices overseas.

One reason for this was the increasing competition for corporate customers in Sweden. For while S-E Banken has traditionally been the Wallenberg family's house bank – boasting a special relationship with such Wallenberg blue chips as Atlas Copco, Asea, Ericsson, Electrolux and Stora, the increasing competition in the Swedish financial markets following the deregulation and liberalisation of the 1980s has no longer assured the leading bank of its customers.

Companies have been given more freedom to pick and choose between the banks in Sweden and have put considerable pressure on the banks to spruce up the kind of services they offer – not only to keep existing companies faithful but also to attract other corporate customers.

Mr Palmstierna was also instrumental in building up Enskilda Securities, the bank's securities business in London. Initially the idea was to participate in bond trading, but faced with tough competition and slim margins in London it turned to the equities business instead in 1985.

So when the Swedish Government eventually doubled the turnover tax on equities traded on the Stockholm Stock Exchange in 1986 which caused business with foreign investors to flow to London, Enskilda was well placed to reap the benefits of its international contacts and exploit its Scandinavian expertise.

Mr Palmstierna has been a banker throughout his working life, starting in 1960 at the age of 26 at Stockholm's Enskilda Banken, the Wallenberg family bank which merged with Skandinaviska Banken in 1972 to create S-E Banken.

Jacob Palmstierna: 'not squeamish about sackings'

While his aristocratic family connections no doubt helped open the door to a place at the bank (his mother was a cousin of the legendary Marcus Wallenberg) no one disputes his talent as a banker nor his genuine charm, although not everybody appreciates his reputation as a tough master who "is not at all squeamish about demoting or firing people."

His visions are not always so well received either – often for the wrong reasons. When Mr Palmstierna once outlined in a magazine interview his grand plans for the creation of a Nordic megabank which would be big enough to compete with the European giants and consist of S-E Banken, and its Scandinavian banking partners – Bergen Bank of Norway, Privatbanken of Denmark and Foereningsbanken of Finland – it ruffled quite a few feathers and put several noses out of joint in the other Nordic countries.

"That was vintage Jacob," says one friend. "He says the unpalatable truth and is not always as diplomatic as he could be." Nevertheless, other banks in the Nordic area subsequently became more aware of the sense of such a strategy as they realised that competition in the European market is set to increase during the 1990s.

Mr Palmstierna recently expressed his desire to expand S-E Banken's international network further and eventually seek listings in London, Frankfurt, Paris, Tokyo and New York.

Like the other Swedish banks, S-E Banken has flourished in the atmosphere of the deregulated markets. The bank has witnessed three strong years in a row in terms of profits and even if – with characteristic caution – Mr Palmstierna warns of tougher times ahead in the 1990s, he has good reason to believe that the 1989 profits should be at least as good as last year's.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thursday April 6 1989 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at 25%)	Est. P/E Ratio (Net)	xd adj. 1989 to date	Wed Apr 5 Index No.	Tue Apr 4 Index No.	Mon Apr 3 Index No.	Year ago (approx) Index No.
1	CAPITAL GOODS (207)	932.19	-1.4	10.53	4.04	11.66	7.22	945.73	949.95	946.12	740.14
2	Building Materials (29)	1193.66	-1.9	11.06	3.94	11.14	3.92	1216.30	1223.01	1202.33	1004.57
3	Contracting, Construction (38)	1722.97	-0.9	12.09	3.84	10.02	14.65	1739.34	1739.50	1734.55	1550.68
4	Electricals (10)	2710.71	-1.1	8.31	4.42	14.00	2.99	2741.56	2751.57	2754.62	1947.47
5	Electronics (30)	2064.77	-2.0	9.14	3.24	14.18	12.62	2107.54	2116.51	2119.34	1463.74
6	Mechanical Engineering (54)	506.60	-0.9	10.25	3.99	11.93	4.94	511.29	511.50	506.50	386.86
8	Metals and Metal Forming (7)	535.49	+0.6	14.33	5.56	7.89	0.00	532.07	535.56	536.25	439.65
9	Motors (17)	387.24	-0.8	11.09	4.07	9.76	4.85	389.75	389.44	387.61	264.55
10	Other Industrial Materials (22)	1531.17	-2.1	9.60	4.40	12.38	21.63	1564.59	1584.54	1596.38	1238.42
21	CONSUMER GROUP (186)	1162.52	-1.0	9.06	3.74	13.02	5.74	1173.82	1177.85	1176.57	1033.52
22	Brewers and Distillers (22)	1263.51	-0.6	9.89	3.63	12.78	5.36	1270.52	1274.95	1278.39	1055.33
25	Food Manufacturing (20)	1010.42	-1.0	9.44	4.03	13.20	10.15	1020.29	1021.25	1018.28	809.14
26	Food Retailing (15)	2006.34	-1.1	9.05	3.50	14.54	8.97	2029.61	2026.78	2003.11	2070.23
27	Health and Household (14)	2200.10	-1.0	6.45	2.65	17.75	7.33	2222.34	2237.57	2230.10	1794.68
29	Leisure (33)	1597.89	-0.9	7.57	3.34	16.63	13.42	1612.32	1614.96	1614.89	1256.45
31	Packaging & Paper (16)	574.66	-0.9	10.26	4.18	11.90	5.04	579.80	585.49	590.57	479.80
32	Publishing & Printing (18)	3618.80	-0.8	8.80	4.47	14.10	5.06	3646.27	3675.47	3709.12	3343.11
34	Stores (33)	751.38	-1.4	11.50	4.67	11.32	1.75	762.21	764.21	763.68	804.82
35	Textiles (15)	513.02	-0.7	12.10	5.50	10.04	0.38	516.80	518.32	517.34	563.73
40	OTHER GROUPS (94)	1060.00	-1.3	10.19	4.25	11.96	8.37	1074.70	1077.69	1078.10	867.98
41	Agencies (18)	1255.82	-0.8	8.49	2.78	15.08	12.34	1265.74	1268.00	1274.14	1151.47
42	Chemicals (22)	1207.00	-0.9	11.06	4.87	10.86	21.18	1217.09	1224.32	1225.50	989.89
43	Conglomerates (11)	1494.72	-1.9	10.22	4.90	11.31	4.76	1523.54	1521.00	1521.30	1156.58
45	Transport (13)	2367.91	-0.9	8.40	3.64	15.28	16.45	2389.57	2380.81	2374.14	1908.61
47	Telephone Networks (2)	1108.58	-1.6	10.59	4.24	12.28	0.00	1127.08	1129.72	1129.21	953.92
48	Miscellaneous (28)	1471.70	-1.0	10.62	4.01	10.71	21.18	1486.83	1501.78	1504.98	1124.26
49	INDUSTRIAL GROUP (487)	1095.46	-1.2	9.79	3.97	12.61	7.19	1108.61	1112.54	1110.86	922.96
51	Oil & Gas (13)	1945.97	-1.4	9.85	5.71	13.00	40.19	1973.93	1976.51	1983.03	1786.66
59	500 SHARE INDEX (500)	1167.84	-1.2	9.80	4.19	12.66	9.85	1182.21	1186.86	1184.99	995.90
61	FINANCIAL GROUP (123)	737.22	-0.7	–	5.16	–	12.54	742.56	744.80	741.84	653.43
62	Banks (8)	725.03	-0.6	23.52	6.56	5.59	20.35	729.56	729.21	725.59	610.26
65	Insurance (Life) (8)	1068.75	-1.3	–	5.52	–	25.72	1083.06	1084.64	1076.65	968.61
66	Insurance (Composite) (7)	592.90	-0.8	–	5.67	–	10.03	597.79	597.65	597.34	527.72
67	Insurance (Brokers) (7)	947.00	-0.5	8.92	6.66	14.96	16.38	951.50	959.12	957.73	833.10
68	Merchant Banks (11)	332.06	-0.1	–	4.52	–	3.61	332.32	331.45	331.85	337.65
69	Property (52)	1303.83	-0.9	5.73	2.67	22.20	4.14	1316.07	1324.68	1322.59	1117.32
70	Other Financial (30)	368.65	+0.2	9.82	5.69	12.80	3.56	367.86	368.73	369.60	386.25
71	Investment Trusts (73)	1086.44	-0.6	–	2.89	–	6.82	1093.07	1097.13	1095.50	853.74
81	Mining Finance (2)	673.80	+0.1	8.60	3.78	12.84	18.45	672.80	661.69	650.84	440.93
91	Overseas Traders (8)	1373.75	-0.7	8.55	4.87	13.66	15.93	1383.35	1387.49	1393.17	996.33
99	ALL-SHARE INDEX (706)	1063.58	-1.1	–	4.29	–	10.42	1075.13	1078.07	1076.51	904.61

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Apr 5	Apr 4	Apr 3	Mar 31	Mar 30	Year ago
FT-SE 100 SHARE INDEX♦	2052.5	-25.7	2078.5	2051.0	2078.2	2082.8	2079.6	2075.0	2049.4	1761.0

FIXED INTEREST

	PRICE INDICES	Thu Apr 6	Day's change %	Wed Apr 5	xd adj. today	xd adj. 1989 to date
	British Government					
1	5 years	117.65	+0.02	117.64	0.02	3.61
2	5-15 years	134.10	-0.03	134.13	–	2.89
3	Over 15 years	144.63	-0.08	144.74	–	4.56
4	Irredeemables	169.76	-0.46	170.55	–	1.51
5	All stocks	131.40	-0.02	131.43	0.01	3.37
	Index-Linked					
6	5 years	132.71	+0.12	132.55	–	1.36
7	Over 5 years	133.55	+0.11	133.40	–	0.95
8	All stocks	133.39	+0.11	133.24	–	0.95
9	Debentures & Loans	116.53	-0.05	116.58	–	2.20
10	Preference	88.78	+0.06	88.72	–	1.83

	AVERAGE GROSS REDEMPTION YIELDS		Thu Apr 6	Wed Apr 5	Year ago (approx.)
	British Government				
1	Low	5 years	9.67	9.65	8.54
2	Coupons	15 years	9.24	9.23	9.01
3		25 years	9.09	9.07	8.88
4	Medium	5 years	10.62	10.62	9.04
5	Coupons	15 years	9.68	9.66	9.20
6		25 years	9.28	9.25	9.06
7	High	5 years	10.75	10.75	9.13
8	Coupons	15 years	9.91	9.89	9.33
9		25 years	9.47	9.43	9.10
10	Irredeemables†		9.12	9.07	8.86
	Index-Linked				
11	Inflation rate 5%	5yrs	3.59	3.62	2.30
12	Inflation rate 5%	Over 5 yrs	3.55	3.55	3.77
13	Inflation rate 10%	5 yrs	2.70	2.73	1.41
14	Inflation rate 10%	Over 5 yrs	3.38	3.38	3.62
15	Debs &	5 years	12.09	12.10	10.77
16	Loans	15 years	11.53	11.53	10.59
17		25 years	10.97	10.96	10.59
18	Preference†		10.10	10.10	10.16

♦Opening index 2078.5; 10 am 2069.0; 11 am 2066.2; Noon 2062.3; 1 pm 2063.8; 2 pm 2064.2; 3 pm 2060.6; 4 pm 2052.1; 4.05 pm 2053.4
(a) 9.00am (b) 4.16pm † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL, price 15p, by post 34p.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	31	53	26
Corporations, Dominion and Foreign Bonds	0	10	34
Industrials	204	698	670
Financial and Properties	90	268	302
Oils	16	38	44
Plantations	0	1	11
Mines	21	59	103
Others	63	81	95
Totals	425	1,208	1,284

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. date	1989 High	1989 Low	Stock	Closing Price p	+ or -	Net Div.	Times Cov'd	Gross Yield	P.E. Ratio
§57	F.P.	-	71	60	‡Amberley Group 2½p	66		b1.5	3.4	3.0	12.1
§155	F.P.	6/4	171	155	Assoc. British Castis 20p	165	-1	R5.25	2.7	4.2	10.2
†	F.P.	-	35	31	‡CCS Group 20p	32		L0.45	1.6	1.9	45.4
§135	F.P.	28/4	143	138	Davenport Vernon 10p	140	+2	R5.25	2.4	5.1	8.3
-	F.P.	-	61	33	Greenfriar Inv Wrts	61		-	-	-	-
†	F.P.	-	100	70	*Hoskins Brewery 50p	85		-	-	-	-
§47	F.P.	-	49	40	*Malaya Group 10p	48		R2.0	3.7	5.6	6.6
§52	F.P.	19/4	78	52	‡Quiligotti 5p	72	-2	R2.0	2.4	3.7	12.9
19	F.P.	-	80	69	‡R & V Info. Systs. NV 5c	76	+1	Q2.3c	9.1	0.9	12.7
-	F.P.	-	163	143	Ross Catherall 10p	160		R4.45	2.9	3.7	12.3
-	F.P.	-	8½	5	*Vista Entertainments 5p	7½		-	-	-	-
§185	F.P.	-	215	195	Wood (Graham)	213		R7.7	2.6	4.9	7.9

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1989 High	1989 Low	Stock	Closing Price £	+ or -
110p	F.P.	-	112p	105p	Brown & Jackson 10¾pc Cv. Cm. Pf.	105p	
101½p	F.P.	-	101¾p	99¾p	C.H. Industrial 9⅝pc Cm. Rd. Pf. £1	99¾p	-¼
101p	F.P.	-	103¾p	101½p	Eng. & Int'l. Tst. 8⅞pc Cm. Pf	102p	-½
♦	-	5/5	310p	267p	Enterprise Fin. '89 Units Var. Call	285p	
100	F.P.	-	109½	107¼	First Scott. American 11½pc Db 2016	107¼	
100p	F.P.	-	99¾	96⅞	Greenall Whitley 10pc Deb 2014	96⅞	
103.57	F.P.	-	103¼	102¼	LETINVEST 10¼-11¼pc Stpd Db 2012	102¼	
-	F.P.	-	100	99⅛	N'wide Anglia 12⅞pc 26.2	99⅝	
-	F.P.	-	100	99⅝	Do. 12⅞pc 19.3.90	99⅞	
§99.1	£25	-	27⅝	25	Do. 4.25pc Index-Linked 2024	27⅝	
100p	F.P.	-	121p	105p	Sidlaw Grp. 8.5p (Net) Cv Cm Rd Pf	121p	
♦	F.P.	7/4	145½	134	Smurfit (J.) 9¾pc Cv. Uns. Ln. Nts.	137½	
92.52	£30	-	30⅞	28⅞	Taylor Woodrow 9½pc 1st Mtg Db 2014	28⅞	
97.10	£30	4/5	30⅛	27⅞	Tops Ests. 10¼pc 1st Mtg Db 2011/16	27⅞	-¼

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1989 High	1989 Low	Stock	Closing Price p	+ or -
20	Nil	14/4	41pm	33pm	‡Cosmac Group 5p	40pm	
45	Nil	7/4	3pm	¼pm	Cullens Hldgs.	¾pm	-½
160	Nil	-	22pm	19½pm	Fenner (J.H.)	20pm	-1
76	Nil	2/5	7pm	6pm	Hampden Homecare	6pm	
160	Nil	10/5	13pm	8pm	Parkdale Hldgs 10p	11pm	-1
90	Nil	-	13pm	10pm	‡Pict Petroleum	12pm	-1
5	Nil	12/5	7¾pm	4½pm	Platignum	7¾pm	+1½
250	Nil	4/5	46pm	25pm	Tibbett & Britten 5p	46pm	+2
30	Nil	-	11pm	9½pm	West Industries	11pm	
47	Nil	5/5	23pm	16pm	Worthington (A.J.) 10p	16pm	-1

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. s Dividend and yield exclude special payment. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on Prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1989/90. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ♥ Issued by tender. ‡ Offered to holders of ordinary shares as a "rights". † Introduction. § Placing price. ‡‡ Official London listing. [] Including warrants exclusion. * Third Market.

TRADITIONAL OPTIONS

- First Dealings Mar 20
- Last Dealings Apr 7
- Last Declarations Jun 29
- For settlement Jul 10

For rate indications see end of London Share Service

Calls in Talbex, Zetters, NFC, Ryan Hotels, Medirace, Prudential, Saatchi & Saatchi, Racal, Aran Energy, Floyd Energy, London, Atlantic Resources, Eagle Trust, Unigate, Ladbroke and Exploration Co of Louisiana. No puts or doubles.

LONDON TRADED OPTIONS

Option		CALLS Apr	CALLS Jul	CALLS Oct	PUTS Apr	PUTS Jul	PUTS Oct
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

April 6 Total Contracts 33,193 Calls 21,334 Puts 11,859
FT-SE Index Calls 2577 Puts 3966
*Underlying security price.

UK COMPANY NEWS

Write-offs trim B&C to £123m

By Clay Harris

BRITISH & Commonwealth Holdings, the financial services group, yesterday reported pre-tax profits of £122.8m for 1988, 6 per cent lower than the £130.9m reported for the previous year.

The decline was entirely attributable, however, to B&C's need each year to write off a proportion of acquired goodwill because of an accounting policy which took effect in 1987. Before goodwill amortisation of £41.9m (£14.6m), operating profits were ahead by 13 per cent to £164.7m (£145.5m).

Mr John Gunn, chairman, said he was "extremely pleased" with B&C's performance in the tough post-crash environment. The benefits of reshaping B&C into a pure financial services group would become more apparent in 1989, he said.

Nevertheless, B&C reported lower contributions from some of its key activities, including moneybroking, where profits from world market leader Exco fell 15 per cent short of the £44.7m achieved in 1987's volatile markets despite cost-cutting.

Profits from investment management also fell, from £14.9m to £9.5m, as the contribution from Gartmore's unit trust activities plummeted to £400,000 from £11.1m.

This reflected the absence of "box" profits after the trading rules change last year, a lower level of unit sales and the costs of implementing the Financial Services Act. For the group as a whole, Mr Gunn estimated that the Act cost an initial £2m, plus the same amount again each year.

Unit trust difficulties were partially offset by increased profits from Oppenheimer, the US fund-management subsidiary, and Gartmore's growing pension-management side.

Acquisitions helped to make up the shortfall from these divisions, with Atlantic Computers contributing £33.7m in its maiden four months.

The professional services companies which entered the group with Abaco chipped in £11.4m, against £1.8m in 1987, when it was a 26 per cent associate. This division yesterday announced the purchase of the 45 per cent minority in Mortgage Systems, the largest UK mortgage adminstration company.

Mr Gunn said it was now possible that William Street Holdings, the US government securities broker B&C bought as part of Mercantile House Holdings in 1987, would remain part of the group throughout 1989.

B&C originally agreed to sell William Street and M.W. Marshall, Mercantile's moneybroking subsidiary, to US-based Quadrex Holdings, a deal which broke down in February 1988 and has been the subject of litigation ever since.

Marshall was sold for £174.5m in February this year to a management-led consortium; B&C's efforts to repeat the pattern at William Street have not yet proved successful. In the meantime, B&C will hold William Street as an investment, rather than equity-account its results.

Group turnover rose by 5.3 per cent to £968.8m (£919.7m). A tax charge of £46.2m (£56.3m) reflected a lower effective rate of 28 (38.7) per cent on operating profits as a result of allowances available in computer services and leasing. Amortised goodwill is not tax deductible. Profits of £8.7m (£7.1m) were attributable to minorities.

The £359m disposal of most of Bricom, the commercial and service subsidiary, to management gave rise to an extraordinary credit of £104.9m, but this was reduced to a net £69.1m (£30m debit) because of losses on disposal and closure of subsidiaries and another £9.8m provision relating to Kaynes, the now-closed commodities trading operation.

Fully diluted earnings per share rose by 13 per cent to 24p (21.2p) before amortisation, but fell by 15 per cent to 15.2p (17.9p) after amortisation. A final dividend of 5.25p (4.5p) will raise the total by 16 per cent to 9.25p (8p).

See Lex

OPERATING PROFIT (£m)

	1988	1987
Moneybroking	37.8	44.7
Investment management	9.5	14.9
Banking	4.2	3.1
Professional services	11.4	1.8
Computer services	33.7	–
Property	7.2	2.2
Leasing	14.7	9.1
Development capital and investment	18.8	46.0
Commercial and service activities	21.8	30.5
Other*	41.4	25.1
Central costs (including interest)	(11.0)	(7.1)
	189.5	170.3

*Includes Marshalls and London Forfaiting

De Savary to comment on Blue Arrow loan

By Vanessa Houlder

MR PETER de Savary, the international yachtsman, is expected to comment today on speculation that he is connected with the mysterious £25m loan made by Blue Arrow, the embattled employment group.

Doubts about the recoverability of the loan have caused intense disquiet amongst investors, since its existence was disclosed at a stormy annual meeting on Monday. Mr de Savary has been drawn into the speculation because of his partnership with Blue Arrow in the America's Cup Challenge.

In particular, the City has speculated that the money had been loaned to help finance an investment in San Diego, California, where the America's Cup Challenge was due to be held until last month when the venue was moved to New Zealand.

Mr de Savary, who been cruising on the Rhine, has been unavailable for comment this week. However, yesterday, his spokesman relayed a message that he would talk to the press this afternoon.

Highland Participants, the oil and gas company chaired by Mr de Savary, yesterday denied any connection with the loan. A spokesman for the America's Cup Challenge has also denied any knowledge of the loan.

The loan is understood to have been made at some stage in the 10 weeks before Mr Tony Berry, Blue Arrow's founder and deposed chairman, was stripped of his executive duties on January 13. The Blue Arrow board has steadfastly refused to comment on the loan, apparently for legal reasons.

James Capel, Blue Arrow's broker, yesterday denied that it was unhappy about Blue Arrow's management of the affair. Mr Peter Quinnen, chairman, said that the Stock Exchange was satisfied with the level of disclosure made.

Mr Mitchell Fromstein, chairman, has confirmed that he intends to sell Blue Arrow Business Travel and Trevor Bass Associates, its financial public relations company.

Reckitt's earnings boosted by lower interest charges

By David Waller

RECKITT & COLMAN, the household products, food and drugs group which has Disprin and Dettol among its many brand names, increased its pre-tax profits by 14 per cent to £191.28m during 1988.

Trading profits rose by 10 per cent to £197.86m, while earnings advanced by 19 per cent, from 68.2p to 80.89p per share, reflecting the benefits of a halved interest bill and a reduced tax charge.

Turnover fell from £1.49bn to £1.39bn, mainly because of a programme of disposals. According to Sir Michael Colman, the chairman, the underlying rate of sales growth was 7 per cent. Currency had its effect, clipping turnover by £70m and pre-tax profits by £7m on translation into sterling.

A final dividend of 16.35p (13.9p) per share takes the the total payout to 25.5p (21.7p), an increase of 17.5 per cent.

Sir Michael was keen to point out the group's healthy cash generating capacity and the strength of its balance sheet; net cash generated last year was £178.29m whilst borrowings at the year end stood at a net £1.65m, leaving the group virtually ungeared.

By far the biggest contribution to profits comes from household and toiletry products, where profits last year rose from £84.27m to £95.17m on turnover up from £689.61m to £716.50m.

Sir Michael said that the division's profits had benefited from the assimilation of the businesses acquired over 1987-81. Existing brands such as Robinsons increased their share of the UK market while the Airwick air freshener range did particularly well.

The pharmaceutical division improved its profits by 16 per cent to £30.28m on turnover up 10 per cent to £148.06m.

Profits in the UK rose by 18 per cent to £59.87m; in continental Europe, by 17 per cent to £22.68m and in the US by 22 per cent to £18.9m. Difficult economic conditions in Latin America drove down the profits contribution there from £15.4m to £11.8m.

● COMMENT

At the pre-tax level, yesterday's figures from Reckitt & Colman were at the lower end of expectations. But the unforeseen drop in the tax rate — from 38.4 per cent to 38.3 per cent — meant that earnings were ahead of prognostications. The fall in the tax rate is not mere financial legerdemain. It illustrates the success of the company's strategy of shifting more of its business into the UK, continental Europe and the US. In 1983, for example, 22 per cent of profits came from Africa — last year, only 7.5 per cent. The figures reflect well on the quality of Reckitt's management as it operates in basically mature market sector. It is impressive that old-established brands such as Robinsons should be able to improve market share — and that new brands such as the Airwick Magic Mushroom should do so well. To add impetus to the profits growth, acquisitions are required — and with nil gearing, the company is clearly in a position to buy what it likes. The danger is that it will pay too much, but it managed to avoid doing so in the case of Durkee and Airwick. Down 7p to 1068 yesterday, the shares are a sound hold on a multiple of 11.5 assuming pre-tax profits of £218m-£220m this year.

MAI is 'mystery' suitor for Addison

By Ray Bashford

THE DEEP divisions within the board of Addison Consultancy became public yesterday when two directors announced that they had appointed a merchant bank to advise on a possible bid for the design and market research company.

Ms Liz Nelson and Mr Tony Cowling, who are in charge of Taylor Nelson, Addison's market research company, are strongly opposed to a possible bid from MAI, the financial services and advertising group.

MAI, confirming three weeks of speculation, yesterday said that it was the "mystery" group planning an offer for Addison. An "advanced stage of discussions" had been reached, MAI said.

Mr Clive Hollick, MAI's managing director, said Addison's attraction was its market research operations, which would remain after the management buy-out of the public relations arm is completed and when the expected sale of the design company is completed.

However, Ms Nelson and Mr Cowling, oppose a loss of independence to MAI. They are understood to have known in advance that Motivaction, a privately owned French market research company, would buy the 14.7 per cent stake acquired in Addison last Thursday.

The two directors are also believed to have held discussions with the French group about establishing a television rating monitoring system in the UK and the US, based on a French model.

Mr Clive Hollick said that the offer price would not be "substantially different" from yesterday's closing price for Addison shares of 40.5p - up 1.5p on the day.

Pledge over bid for Magnet

By David Waller

BANKERS TRUST International, advisors to the management team making a £629m buy-out bid for Magnet, yesterday claimed that shareholder unhappiness over the structure of the £76.7m offer for the company's convertible preference shares would not scupper the deal in its entirety.

Sun Life, the second largest holder of preference shares with a 10.4 per cent stake, is furious that the offer for this category of shares includes only 25p in cash.

Bankers Trust said yesterday that it was "fully aware" of the institution's concern. "We are doing our best to find a way of resolving the problem," the bank said. "As far as we understand it, it is a question of the mechanics of the offer rather than its value".

The fear is that Sun Life could use its holding to block the entire deal, as it is likely, but not certain, that to be successful, the offer will require 90 per cent acceptances for each category of share.

Fenchurch buy-out proposed

By Nick Bunker

THE EXPECTED break-up of the GPG insurance broking and fund management group got under way yesterday with news that directors of its subsidiary, Fenchurch Insurance, have proposed a management buy-out of Fenchurch.

No details of their scheme were disclosed, but a brief announcement from GPG, the former Guinness Peat group, said its board had agreed to the proposal in principle.

A buy-out of Fenchurch has been widely expected since January, when GPG's 61 per cent shareholder, Equiticorp, collapsed in New Zealand. The demise of Equiticorp meant that GPG lost much of its internal logic, making a break-up a strong possibility.

Headed by Mr Roger Earl, Fenchurch is a small Lloyd's of London insurance and reinsurance broker, with 1988 pre-tax profits of about £5.2m, on turnover of about £21m. But it has come under heavy pressure in the past two years from falling premium rates.

Morgan Grenfell, Fenchurch's merchant bank adviser, said Mr Earl was leading the buy-out team, but would not give a likely date for offer documents to be produced.

Reed Executive gives profit warning

REED EXECUTIVE, the employment agency group, yesterday issued a warning that results for the year to March 31 will be lower than for the previous year, writes Ray Bashford.

The warning, issued during mid afternoon trading, forced heavy selling of the shares, which closed 36p lower at 92p.

Mr Alec Reed, the chairman, said that profits would be "considerably lower but would not be disastrous." The chairman said he felt compelled to make the warning because of excessively higher forecasts being made by City analysts.

Last December he expressed caution about results for the second half of the year while announcing interim results which increased 20 per cent to £6m.

From a forecast of £14m last August a leading City analyst had cut pre-tax profits to £12m and last November this was further cut to £11m.

Portals profits up 11%

By John Ridding

PORTALS HOLDINGS, the papermaking and water treatment company, yesterday announced an 11.4 per cent rise to £23.51m in taxable profits for 1988 despite sharply reduced profits in its water treatment division, which it has agreed to sell to the Thames Water Authority.

Turnover increased 22 per cent to £243.82m, and fully diluted earnings per share edged up to 24.09p (23.57p). The proposed final dividend is 6.8p giving a total for the year of 10p (9.1p).

The principal papermaking division saw profits improve 45 per cent to £11.58m reflecting substantial improvement in sales. Its main customers include the Bank of England and De La Rue.

The technology products division, which was formed during 1988 through the merger of Portals Engineering, Portals Computer Technology and the acquired Paragon, realised profits of £3.5m.

A serious setback was suffered, however, at the water treatment division with profits more than halved from £5.29m to £2.24m. The damage occurred in the first half as a result of a management failure at its Australian Permutit subsidiary. Houseman, the supplier of water treatment chemicals which is not part of the deal with Thames Water, reported profits in the region of £1.7m.

● COMMENT

The sale of its troublesome water treatment business pleased the City and pushed Portals' shares up 7p to 329p. Certainly, the shedding of a difficult business area on the terms achieved justified the reaction. Although the rise of the "green issue" suggests that the disposed of business has improving potential, the market is very competitive and Portals is not equipped to supply the investment and expertise needed to realise it. With the business gone, Portals can now focus on developing its more lucrative products particularly in the security paper area and at Houseman, which appears to have very good short term prospects. Moreover, the disposal gives it more funds to carry this out. Analyst are, however, less certain about prospects for its security equipment products and point out that expectations of profits from property sales may have been exaggerated. All told, and including an estimated £1.2m in interest from the proceeds of the sale, profits this year should be in the region of £26m – placing the shares on a prospective multiple of 12. While the disposal may increase Portals' attraction, the 27 per cent stake held by the Bank of England suggests that bid speculation is currently misplaced.

Reaping the rich rewards of growth

Nikki Tait on the departure of Hillsdown's co-founder David Thompson

A SUNDAY magazine recently published a survey of Britain's richest men. Among the top 20, only two were unphotographed. One of them, ranked 19th, was David Thompson, the co-founder of Hillsdown Holdings.

Yesterday, there was no sign that Mr Thompson – having just crystallised £154m from the placing of his remaining 15 per cent stake in the food, furniture and property group – intended to break this media-avoidance habit of a lifetime. His London office did not expect him back yesterday, and was politely taking messages.

So it was left to Mr Harry Solomon, the solicitor who founded Hillsdown alongside Mr Thompson in the mid-seventies, to speculate what might be planned for this hefty cash balance. "I know he has extensive horse-breeding interests, stud farms around Newmarket – but I really can't say," he volunteered.

What 53-year-old David Thompson's personal reticence cannot conceal is the rewards which the phenomenal growth of Hillsdown over its fourteen-year life – much of it, acquisition-led – have brought him, nor the relief which the company appears to feel at the removal of this potential share overhang. As Mr Solomon put it: "For the past few months, it's been the first question everyone asked. We hope this removes the uncertainty."

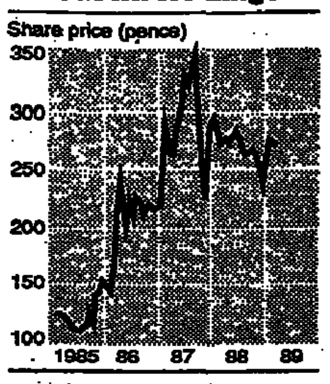
So do many City analysts. But some are still uncertain as to whether this will be the answer to all Hillsdown's recent rating problems. "In theory, this could be the most important day of Hillsdown's life for two years," said one, "but in practice, I'm not so sure".

The Hillsdown story has been well-aired – starting back in the sixties when Mrs Thompson is reputed to have met Mrs Solomon at an ante-natal clinic. Their respective husbands subsequently forged business links and in the mid-seventies Hillsdown itself was formed.

There followed the purchase of some sizeable, but very poorly-performing, food industry businesses – not least of which was the acquisition of the egg and poultry interests from Imperial Group in 1982. Ironically, this brought the David Thompson's family meat trading business into the Hillsdown fold.

When the group floated with a price-tag of £274m in 1985, sales were just under £1bn. But in the post-flotation period and in the bull market run, Hillsdown became almost synonomous with acquisitions. For much of this time, Mr Thompson was seen as the deal-originator; Mr Solomon as the rather stabler, day-to-day management lynch-pin.

Hillsdown Holdings



It was in April 1987 that the first formal severance came. David Thompson placed half of his holding – by then down to just under 30 per cent – and raised £144m, pledging to keep his remaining 15 per cent until January 1989 at least. He also stepped down as joint chairman, becoming a non-executive director.

Detailed reasons for the timing of this split – to all appearances, entirely harmonious – have never been discussed. But since then, David Thompson has gone very much his own way – becoming involved on the quoted company stage, principally with property businesses like Glentree (now Union Square) and Marler Estates.

Hillsdown, too, has appeared to have changed its character somewhat – partly, but not entirely, as a result of the changed market conditions. Having geared up substantially when it bought Maple Leaf Mills of Canada in summer 1987 – at £169m its largest single deal – much of the recent emphasis has been on debt reduction, and an apparent consolidation of the business.

But, despite a consistent profits growth, the market has not loved the group over this period. As one analyst pointed out, the shares have gone from standing at a prospective rating that was at a 25 per cent premium to the market to one which is at a similar discount.

Reasons attributed have been various: the fact that Hillsdown, where sales topped £3.5bn in 1988, looks as much like a conglomerate as a food company; the question of whether its food interests are still to close to the "raw material" end; the gearing levels; the Catch-22 of whether it needs acquisitions to sustain growth, which in turn might mean further share issues; and, the most ready excuse of all, the potential overhang of Mr Thompson's holding.

Yesterday's placing seems to suggest that Mr Thompson had decided that waiting for an upturn in the rating, when his stake was a factor in holding it back, was likely to be a lengthy and possibly futile exercise. The company itself was quick to express gratitude.

But analysts' feelings remain mixed. Most are glad to see the most obvious stumbling-block to a better rating removed, but some are wary of viewing this as an answer to all the problems.

"I think they've probably passed the halfway mark in reshaping of the business, but the market may still want to see more of the same," one commented.

"How do you rate the company," moaned another. "If I knew the answer, I'd be sitting on a sunny beach."

Boase Massimi clarifies client reaction to bid

BOASE MASSIMI Pollitt, the UK advertising agency which is facing a £103m bid from the smaller French advertising company BDDP, yesterday clarified the response which it has received from clients, writes Nikki Tait.

It said that letters had been received from 21 UK advertising clients, and that billings for these clients represented over 73 per cent of current-year billings for BMP Davidson Pearce. Certain of these clients - representing some 32 per cent of billings - had indicated that they would "consider carefully" their continuing relationship with the group if ownership changed.

An independent survey by Campaign showed not a single client supporting BDDP's bid."

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Assoc Brit Ports ....fin	6.5	May 26	5	10	7.5
Baird (William) ....fin	4.7†	July 4	4	7.55	6.475
Barrett (Henry) ....int	1.65†	-	1.1	-	3.4
Britannia Group ....fin	3.1	-	2.5	4.5	2.5
Capital & Reg § ....fin	0.4	June 2	0.2	0.6	0.3
Daniels (S) ....fin	1.25	-	2	2.5	3.25
Dolphin Pack § ....fin	1.87☆	-	2	1.87	3.2
Druck § ....int	2.5	-	2.2	-	6.2
Filofax § ....fin	2.7	May 12	2.5	3.45	3.25
Guinness ....fin	8	May 30	6.2	11.5	9.2
Ibstock Johnsen ....fin	3.5	June 16	2.5	5.5	4
Klark-Teknik § ....int	0.5	June 1	0.5	-	1.3
Ldn & Manchester.......fin	7.05†	June 9	5.925	10.35	8.699
Magnetic Mat § ....int	0.9	May 12	0.9	-	2.9
Maxwell Comms ....int	6‡	June 3	-	-	14
Metsec § ....fin	1.95	-	1.6	3.8	3.2
Musterlin § ....fin	3	-	2	4	3
Oliver (George) ....fin	12.4	-	10.3	15	12.5
Portals ....fin	6.8	July 1	6.2	10	9.1
Ptarmigan ....int	0.25†	-	-	-	nil
Queens Moat ....fin	1.22†	May 31	1	2.26	1.9
Quicks Group ....fin	3.5†☆	June 23	3.125*	5	4*
Reckitt & Colman ....fin	16.35	July 4	13.9	25.5	21.7

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. §§Unquoted stock. ¶Third market. ☆Carries scrip option ‡For seven months. ‡Second interim dividend for 1988; current period 15 months to March 31 1989.

US union leader speaks in support of Minorco

AN INFLUENTIAL New York trade union leader has spoken up in support of Minorco, the South African-controlled investment company, during its US court battle with Consolidated Gold Fields, the diversified UK mining group, writes Kenneth Gooding.

Mr Victor Gotbaum, former leader of New York City's civil service union, in a deposition to the court contrasted Mr Harry Oppenheimer's Anglo American Corporation of South Africa, Minorco's parent, with Gold Fields of South Africa, the mining company 38 per cent owned by Gold Fields of the UK and the directors of which include Mr Rudolph Agnew, Gold Fields chairman.

Mr Gotbaum said he had known Mr Oppenheimer for six years and "as a union leader would not hesitate to deal with any company associated with him or Anglo American."

In contrast, said Mr Gotbaum, "GFSA's record on race relations and unionisation is so bad that any responsible American company should be ashamed to be associated with them."

Minorco's deposition enlarged on Mr Gotbaum's by stating that GFSA "has one of the largest private armies in South Africa, complete with dogs, armoured vehicles and its own patented rubber bullets which it uses to respond to labour strikes."

Ibstock Johnsen advances to £56m

By Andrew Taylor, Construction Correspondent

PRE-TAX PROFITS of Ibstock Johnsen, one of Britain's three remaining independent quoted brick manufacturers, last year jumped 57 per cent to £56.31m.

Turnover increased from £145.44m to £367.75m during the 12 months to end-December. Profits and sales were boosted by Ibstock's increased stake in its Portuguese forest products and ceramic sanitary-ware business.

Mr Richard Boxall, joint managing director, said about £7m of the profits increase was due to the effect of acquisitions.

Profits from forest products and ceramics rose from £5.47m to £16.96m. Ibstock said pulp prices were at record levels and prices were unlikely to fall while world stocks remained very low.

The company said output at Valdares, its ceramics business, would increase by about 30 per cent this year.

British brick profits increased 28 per cent from £23.14m to £29.74. UK sales rose 19 per cent from £78.75m to £93.6m.

Mr Boxall said that between 50 to 55 per cent of British sales were vulnerable to the new housing market which was expected to be more difficult this year. UK brick sales, however, had held up well during the first three months of the year.

The company said that after the first three months all three of its major arms – UK building materials, forest products and US building materials – were ahead of the corresponding period last year.

The US market remained difficult. Housing starts in the north east, where Ibstock has traditionally been based were down by about a tenth last year.

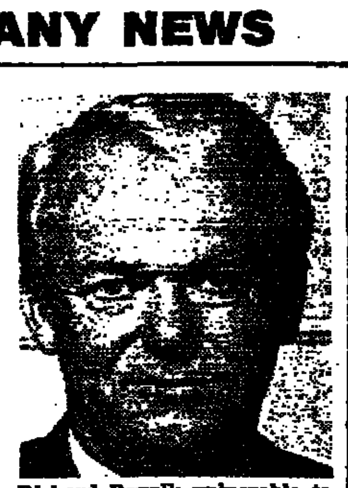
In dollar terms, US profits rose 23 per cent to $15.5m assisted by increased capacity and a better product mix. After conversion to sterling, however, the rise was held to 13 per cent at £8.68m (£7.67m).

Earnings per share rose from 15.33p to 18.71p after deducting minorities of £3.63m from Companhia de Celnose do Caima, which looks after the forest products and ceramics businesses.

A final dividend of of 3.5p makes a total of 5.5p for the year, a rise of 37.5 per cent.

● COMMENT

Ibstock's problem is that the fortunes of two of its three product divisions are tied to the UK and US housing markets, which in turn are affected by world interest rates. The housing market in the north east of the US was in decline last year and is unlikely to see any improvement this year. The decline in the UK is more recent but has spread from southern England and East Anglia into the Midlands. Up to 55 per cent of Ibstock's profits in the UK and 60 per cent in the US come from new house-building. It will, however, have the benefit of increased capacity and a 4 per cent price rise in the UK. Profits in the US will be underpinned by new acquisitions and greater efficiency which will produce cost savings and higher concentration on bigger margin products. Prospects for Ibstock's third arm, the forest products division, are the hardest of all to judge. The highly cyclical industry had been expected to peak last year; there is still no sign of this happening but the good times cannot last for ever. Ibstock has a good mix of quality products and has been increasing brick sales for commercial and industrial developments in the UK and US, both of which remains strong markets. In the short term, however, Ibstock is unlikely to improve on a prospective p/e of just over 8 on pre-tax profits of £63m.



Richard Boxall: vulnerable to new housing market.

Higher occupancy rate boosts Queens Moat to £42m

By Clay Harris

QUEENS MOAT Houses, the provincial hotels operator in Britain and four continental European countries, lifted pre-tax profits by 70 per cent to £42.2m in 1988.

The pre-tax increase from £24.8m came on turnover ahead by nearly 50 per cent to £234.4m (£156.5m). Aided by a tax charge which fell from 20 per cent to 17.3 per cent, fully diluted earnings per share rose by 44 per cent to 7.9p (5.47p).

Overall, the occupancy rate in Queens Moat's 137 hotels rose from 65 to 66 per cent. The group's sole London property, the Drury Lane, saw occupancy fall from 84 to 79 per cent, but higher rates helped profits rise by 3 per cent.

UK hotels accounted for £32.7m of pre-rent and pre-interest operating profits, West Germany and Switzerland for £13.3m, and Belgium and The Netherlands for £9.8m.

A final dividend of 1.22p (1p) will raise the total by 20 per cent to 2.28p (1.9p). Queens Moat signalled an effective dividend rise of at least a 25 per cent in 1989, saying it would maintain the new payment on share capital increased by a one-for-four scrip issue also announced yesterday.

The total value of the group's hotel properties exceeded £1bn for the first time at the year end. The annual independent revaluation showed a surplus of £170m to raise the total to £1.03bn. Net assets per share rose from 100p to 135p.

● COMMENT

Queens Moat may never dazzle with Hilton fireworks á la Ladbroke, but the wisdom of its strategy has been proved year after year. Its market niche – service rather than glitz for the business traveller – was well chosen, and it has not been tempted into spendthrift ways. In the UK, at present, this means building rather than buying, even with the long lead-times this involves. Nevertheless, its nearly 9 per cent stake has booked a say in the future of Vaux Group, perceptively described by Queens Moat chairman Mr John Bairstow as an "hotel company with a brewery attached." The tax charge is more than a one-off pleasant surprise, as the group has negotiated what amounts to nil West German tax liability into 1990. On the other hand, higher German interest rates makes foreign currency borrowing a neutral factor rather than the advantage it has been in recent years. Gearing remains stable at about 60 per cent, after the yearly property revaluations are taken into account. Assuming pre-tax profits of £60m, the shares remain attractive on a fully diluted prospective p/e of less than 13.

L and M rises 21% despite housing slowdown

By Nick Bunker

LONDON and Manchester Group, the life assurance company, has delivered a 21 per cent increase in after-tax profits to £14.64m in 1988, but warned that the downturn in the housing market was hitting profits from its 54 estate agency outlets.

The group is maintaining its record of dividend increases averaging about 19 per cent per annum over the last 12 years by lifting its total dividend to 10.35p (8.699p) per share. Earnings rose 16 per cent to 12.95p.

Estate agency profits were up 55 per cent at £2.4m for the 12 months to December 31, but this reflected an expansion in the number of branches.

The Exeter-based company still managed a big increase in earnings though from mortgage lending, where profits were up 45 per cent at £2.07m. The reason lay in strong growth in the mortgage book, 39 per cent up at £516m.

L and M is one of the UK's six stock market quoted home service life insurers, which still collect premiums door-to-door via a huge sales force.

● COMMENT

L and M's efforts to inject itself with new life over the last three years have been welcome, giving it an operational edge perhaps over three old quoted rivals in the home service life market, Pearl, Refuge and Britannic Assurance. But the fact that it chose to do so largely by thrusting into mortgage lending and estate agency network has left it heavily exposed to the housing market. As the latter has drooped, so have prospects for further outperformance by L and M's shares. All the more so now that the takeover speculation that swirled around the group throughout 1987 and the first nine months of 1988 has ebbed away, as more UK life assurance bids by European insurers have failed to materialise. The dividend is still covered 1.2 times by life profits, a high figure by historic standards. But given the housing market stagnation, it is hard to see the group managing more than an 8 per cent rise in earnings per share this year, suggesting a total 1989 dividend of about 12p. On yesterday's closing share price, down 4p at 278p, that would make the prospective gross yield about 5.8 per cent.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetables.

TODAY

Interims- International Investment Trust Co of Jersey, Medoprint.

Finals- Bilton (Percy), Breedon, Dawson-group, Olives, RKF, Scottish Television.

FUTURE DATES

Finals-

Aspen Communications	Apr. 13
First Chicago	Apr. 14
Helical Invest	Apr. 12
Int Business Commu	Apr. 20
Polly Peck International	Apr. 26
Radamec	Apr. 21
Reliance	Apr. 21
Thompson Clive Invs	Apr. 11
Travis Perkins	Apr. 17

SHARE STAKES

The following changes in share stakes were announced recently:

Aitken Hume International – The Lee Ming Tee Group has acquired a further 2m ord and now holds 13.4m (27.3 per cent).

Bertam Holdings – Rowe Evans Investments has increased its interest and now holds 10.2m shares (50.96 per cent).

Braswey – The following directors have increased their holdings by way of a scrip dividend option: Mr MW Swaby has acquired 23,374 ord and now holds 2.85m (7.6 per cent), and Mr RA Swaby has a further 74,586, raising his holding to 9.2m (24.6 per cent).

Brixton Estates – Guardian Royal Exchange has sold its entire holding of 34,787 5 per cent pref (28.19 per cent).

Cray Electronics – BAT Industries has reduced its holding to 4.1m ord (4.7 per cent).

Eadie Holdings – Stewart Ivory and Co, acting for clients, has sold 285,714 ordinary. Ivory's interest is now reduced to 2.14m (11.85 per cent).

Henderson Administration – USF and G Financial Services has bought 991,000 ord and now holds 2.76m (13.13 per cent).

Mount Charlotte – IEP Securities is beneficial owner of 55.3m ord (17.03 per cent).

Normans – IEP Securities has acquired 1.1m ord, and now holds 5.76m (5.823 per cent).

Pelon – Mr CW Davies, director, has disposed of 10,000 ord at 178p and now holds 1.19m (5.96 per cent).

Rea Bros Group – Scottish and Mercantile Investment has acquired 448,395 ord and is now interested in 10.4m shares (26.41 per cent).

Regalian Properties – BAT Industries has reduced its holding at 2.74m ord (3.97 per cent).

Tilbury Group – John Govett has bought 100,000 ord and now holds 4.43m (21.11 per cent) on behalf of clients.

Tranwood – Shaikh Amin Al-Dahlawi, director, has acquired 100,000 ordinary, increasing his beneficial holding to 5.3m (6.08 per cent).

Tullow Oil – Scottish Amicable Life Assurance has purchased 5.6m new ord (6 per cent).

UK COMPANY NEWS

A B Ports rises 22% to £46.5m

By Kevin Brown, Transport Correspondent

ASSOCIATED BRITISH Ports Holdings, property developer and ports operator, yesterday announced an increase of 22 per cent in pre-tax profits to £46.5m last year, on turnover up 7 per cent at £211.8m.

Earnings per share increased by 22 per cent to 36.1p. The final dividend of 6.5p makes a total of 10p for the year, up 33 per cent. The shares fell 20p after the announcement as investors digested a property revaluation but recovered later to close 8p down at 552p.

Profits from port operations were £23.1m after severance costs of £5m, compared with £19.3m last year, when severance costs were £6m.

Turnover on port operations was down slightly, from £158.1m to £158m, mostly because of the sale to Ben Line and P & O Containers of a part interest in Southampton Container Terminals. However, volume increased from 90m tonnes to a record 96m tonnes.

Pre-tax profits from property activities increased from £19.3m to £23m, following the completion of several projects, including the London Pavilion, in London's Piccadilly Circus.

ABP said the fully developed value of the property portfolio held by its subsidiary Grosvenor Square Properties was £620m, of which £330m was accounted for by retail developments, £210 by office developments, and £80m by other business developments.

ABP said it hoped the John Lewis Partnership would take approximately half the space in the 500,000 sq. ft. Buchanan Centre in Glasgow, which is being jointly undertaken with Bredero Properties.

Three large schemes are also under way in central London, and the group said it had acquired a number of potentially valuable development sites, around the M25 London orbital motorway.

Development schemes are under way at 12 of the group's ports, of which the most important are at Southampton, where plans have recently been announced for a 24 acre development at Queen's Quay, between the existing developments at Ocean Village and Town Quay.

● COMMENT

Sir Keith Stuart, chairman, was bullish about the prospects for ABP's port operations yesterday even before the announcement that the Government plans to abolish the antiquated Dock Labour Scheme. Since its 21 ports, representing 25 per cent of UK port capacity, are all in the scheme, ABP will clearly be a major beneficiary of abolition. Sir Keith's claims that the scheme is costing ABP up to £20m a year in lost business may have been exagerrated, but there will clearly be opportunities to attract new activities to the quayside, as well as the benefits of an improvement in competitiveness against ABP's European rivals. In the short-term, any savings in labour costs will flow straight through to the bottom line. ABP is at least half a property company these days, but port-related income was likely to grow faster over the next couple of years in any case, since rental income from some of the group's larger projects will not come on stream until after 1990. The group announced an increase in the surplus of port land over book value from £70m to £189m, but the revaluation takes no account of the development potential of the land. A more important indicator of future prospects is Sir Keith's estimate that around 3,000 acres of port land will be available for development over the next 10 years. Since much of ABP's success since privatisation in 1983 has been based on the development of around a tenth of this amount, Sir Keith's landbank clearly represents a very good bet, especially when combined with a resurgent ports division.

Goldberg raises Tootal stake to 24%

MR ABRAHAM GOLDBERG, the Australian industrialist who has been building a stake in Tootal, yesterday announced that he has increased his holding in the UK textile group from 23 to 24 per cent. Mr Goldberg bought 750,000 Tootal shares thereby boosting his stake to 67.8m shares, writes Alice Rawsthorn.

Mr Goldberg, who staged an unsuccessful bid for Tootal in 1985, has been buying Tootal shares since last autumn. He disclosed his stake just before Christmas and has since been adding to his holding.

Two months ago Mr Goldberg proposed a merger between Tootal and his Australian textile interests. The Tootal board, which is opposed to his involvement with the group, rejected his proposals.

Mr David Wormsley, a manager at the corporate finance department of Schroders, which is advising Mr Goldberg, said the Australian was "still reviewing all his options" as to whether or not to mount a full bid for Tootal. He also said that Mr Goldberg, who is presently in Europe, envisages buying more shares in the group.

Improved margins help Quicks rise 19%

QUICKS GROUP, the expanding motor and parts distributor, achieved pre-tax profits of £3.51m for 1988, a rise of 19 per cent on the previous year's £2.93m. Turnover advanced from £134.4m to £152.8m.

The group, long established as a Ford main dealer in the north-west, moved into the West Midlands last summer, opening a Peugeot Talbot dealership in West Bromwich, which has since achieved sales of £3.2m, according to Mr Norman Quick, chairman.

New vehicle sales across the group were static at about 14,000, but new car margins increased due to improved marketing in "buoyant economic conditions", he stated.

Further investment of £9m will by the summer have introduced eight new franchises.

Mr Quick said the group was also planning further growth in contract hire, while continuation of hire purchase financing and associated capital allowances would benefit the group's tax position.

Tax in 1988 amounted to £773,000 (£400,000) and earnings per 10p share were 18.6p (19.3p). The proposed final dividend is lifted to 3.5p making 5p (4p adjusted) for the year.

Property profits help boost George Oliver to £7.11m

GEORGE OLIVER (Footwear), the UK's third largest specialist shoe retailer, yesterday reported a 53 per cent improvement in full-year taxable profits and announced moves to diversify from its core operations.

However, the advance in pre-tax profits for 1988 to £7.11m (£4.66m) was struck after property profits of £4.34m (£2.31m) and higher interest charges of £1.83m (£1.44m). At the trading level therefore, the advance was restricted to 22 per cent at £4.6m.

Mr Ian Oliver, chairman, said the level of trading profits was a reflection of what had happened throughout the fashion and retail trade. The succession of interest rates rises had had a "dramatic" effect on turnover – up just 8 per cent to £90.88m – and the group also suffered from unseasonal weather throughout the year.

Trade in the current year, however, continued to improve from the depressed level of January, he added.

Earnings per share rose 56 per cent to 96.64p (62.09p) and a recommended final dividend of 12.4p gives a 15p (12.5p) total. A two-for-one scrip issue is also proposed.

Oliver has agreed the purchase of three companies to broaden its trading activities. Consideration for the largest, Photo Shop, a Harrow-based business with 30 fast film processing outlets, is a maximum £3.87m in cash and loan notes. It made taxable profits of £353,000 on turnover of £4.56m in 1988.

Oliver intends to convert some of its surplus properties into Photo Shop outlets during the current year.

In addition, Frame It, a specialist picture framing business based in Cheltenham, is being acquired for £885,000, while Brick Studio and Manufacturing, a Leicester-based shopfitting design and installation group is being acquired for £625,000.

In view of the diversification, the company is changing its name to the Oliver Group.

Filofax sees slight rise to £2.72m

FILOFAX, the personal organiser group which came to the USM in April 1987, saw only a slight rise in pre-tax profits from £2.62m to £2.72m during the year to December 31. Turnover increased 14 per cent to £14.7m (£12.86m).

Earnings per share rose to 12p (10.7p). Directors are recommending a final dividend of 2.7p (2.5p), for a total of 3.45p (3.25p).

Mr David Collischon, chairman, said the results had been influenced by changing patterns in UK sales and heavy competition in Japan.

The company is seeking to overcome these problems through diversification and stepped-up marketing. Executives appointment have been made to further this policy.

The chairman said there was a marked improvement in sales in the second half due to an intensive marketing campaign. European markets are expanding, and the American subsidiary boosted revenues by at least 70 per cent during the year.

Mr Collischon is confident of future growth, but sounded a note of caution for the short-term which would be adversely affected by an increase in costs for management, marketing and research and development.

News Digest

S DANIELS
Encouraging outlook despite loss

AN IMPROVED second half performance left S Daniels, the food and beverage products importer, with a pre-tax loss of £231,000 for 1988, compared to a profit of £572,000, but the final dividend is cut to 1.25p.

This makes a total of 2.5p, against 3.25p. There was a profit of £96,000 in the second half and the directors said this was encouraging, and they looked to an improvement for the current year.

Future dividends would be increased in line with profitability, they stated.

Turnover fell to £35.65m (£39.59m) and operating profit to £3,000 (£399,000). On top of that, there was a £271,000 exceptional loss connected with a contract for packing costs. Loss per share was 2.34p (earnings 4.72p).

The directors said packing arrangements for Vendona coffee had been changed and benefits were seen in the last quarter.

DRUCK HOLDINGS
Promising prospects

First half profit at Druck Holdings, the USM-quoted maker of electronic pressure measuring devices, rose to £1.59m pre-tax, and the interim dividend is lifted to 2.5p.

The profit compared with £1.13m, out of £3.14m achieved for the full year ended June 30 1988. The directors explained that the difference between halves this year would be less marked. They expected satisfactory progress by the year-end and said longer term prospects looked increasingly promising.

Over the short to medium term they were confident of an increasing order level especially as the general range will be enhanced by the the launch of new products.

Turnover in the half came to £7.7m (£6.1m). Earnings were 15.1p, against 10.7p when an interim of 2.2p was paid.

ATA SELECTION
Profits advance 43% to £0.9m

A 43 per cent increase in pre-tax profits for 1988 was announced by ATA Selection, USM-quoted recruitment and financial services group. On turnover ahead by 24 per cent to £5.4m the taxable result came out at £944,000 compared with £661,000.

The directors are recommending an improved final dividend of 1.3p (1.1p) for a total of 2.14p (1.8p). Fully diluted earnings advanced from 3.56p to 5.23p per 5p share.

In the recruitment division a major change in accounting policy has had the effect of reducing profits for this and previous years, but presents a more reliable measure of trading performance, directors said.

In the financial services division the company entered a new niche area in November 1988 with the acquisition of Printing Equipment Finance, which offers leasing and hire purchase facilities to printing and graphic art industries. Expansion in this company was expected during the current year.

BLETCHLEY MOTOR
Prospectus forecast met

Bletchley Motor Group, the multi-franchised motor dealer which came to the USM last November, reported a 22 per cent rise in pre-tax profits from £765,000 to £930,000, in line with the prospectus forecast of not less than £900,000.

The result was after a £40,000 protective provision in relation to certain VAT matters.

Turnover grew 36 per cent from £30.12m to £40.91m. After tax of £363,000 (£258,000) earnings per 20p share were 25.4p (23.1p). An interim dividend will be paid in September.

PTARMIGAN
Expansion paying off

Ptarmigan Holdings, the expanding food processing, fish farming and hotel group, announced pre-tax profits of £142,000 for the six months to end-December. The outcome compared with a deficit of £98,000 in the corresponding period.

The group is changing its year-end and the current period covers the 18 months to end-June 1989.

Earnings per 12½p share worked through at 1.4p (losses of 0.2p). An interim payment of 0.25p is declared for the period.

MUSTERLIN GROUP
Publishes rise to £1.12m

A 59 per cent advance in pre-tax profit for 1988 is reported by Musterlin Group, USM quoted book publisher.

From a turnover up 33 per cent to £10m (£7.63m), the profit came out at £1.12m (£703,000). Earnings rose to 12.32p (8.65p) and the dividend is increased by 1p to 4p, the final being 3p.

Prospects for 1989 showed continuing strong growth, and further acquisitions would be made in pursuit of geographical and sector diversifications, the directors said.

METSEC
Organic growth set to continue

Metsec, the USM-quoted maker of structural components and systems, expanded pre-tax profits by £682,000 to £2.78m in 1988.

Turnover soared from £28.77m to £51.88m.

Earnings were 14.48p (10.26p), and a final dividend of 1.95p lifts the total to 3.8p (3.2p).

BURNS-ANDERSON
Acquisition of Headway

Burns-Anderson has acquired Headway Personnel for £800,000 cash. Headway, which has nil net assets, trades as Accountancy World, Headway Technical Personnel, Tital Industrial Employmentand Hospital Care.

Acquisitions help Baird advance by 24% to £32m

By Alice Rawsthorn

WILLIAM BAIRD, the textile and engineering group, emerged unscathed from the intensely competitive conditions in UK textiles last year to increase pre-tax profits by 24 per cent from £25.7m to £31.9m.

Mr Donald Parr, chairman, said the level of competition in the textile industry had intensified in 1988 but Baird had benefited from volume growth and from the contribution from its recent acquisitions.

Group turnover rose to £371.2m (£290.5m) in the year to December 31. Earnings per share increased to 25.6p (22p). The board proposed a final dividend of 4.7p making a total of 7.55p (6.475p).

The textiles division saw operating profits increase to £21.2m (£15.7m) on sales of £272.2m (£204.2m). The contribution from recent acquisitions, including the Windsmoor clothing company, accounted for about 70 per cent of the increase in turnover. Mr Parr said, however, that the established businesses had experienced healthy organic growth.

The reorganisation of Windsmoor, acquired last May, has been completed. A new senior management team was introduced and central costs reduced. Mr Parr said the benefits of reorganisation should start to emerge this year, but the full benefits would not be realised until 1990.

Earlier this week Baird announced the acquisition of Centaur, a men's suit manufacturer, for up to £29m. Mr Parr said the deal would broaden the base of Baird's business while offering an *entrée* into men's suits, a product sector which has been relatively resilient to imports.

Darchem, the engineering division, increased operating profits to £11.1m (£9.8m) on sales of £99.1m (£86.3m). Darchem completed its last major nuclear contract in 1988. There will be a smaller contribution from these contracts this year, but the growth of other areas should compensate and Darchem is expected to show another increase in profits.

Mr Parr said the group had begun the current year well, but the outcome for the textile division in the full year would be determined by the pattern of consumer spending.

COMMENT

Once again Baird has shrugged aside the *tristes* of the rest of the textile sector to produce yet another set of healthy results. There is no reason to expect it to fare any worse this year. Baird beat a retreat long ago from the more exposed areas of textiles. Windsmoor produced a static performance last year, but the benefits of cost cutting should filter through this year. Similarly, Centaur's contribution should be buoyed by an improved perfomance from its JR Clothes factories, while the contribution from new areas of engineering should counter the drop in Darchem's nuclear profits. The City expects an increase in group profits to £38m this year and the shares, on a prospective p/e of 9 at 242p, look cheap on fundamentals. But the City's optimism about Baird's prospects is undoubtedly dampened by its pessimism about the overall outlook for textiles.

Placing on USM puts £13.8m tag on Porth

By Vanessa Houlder

PORTH GROUP, manufacturer and distributor of Christmas decorations, is coming to the USM in a placing which values the company at £13.8m.

Albert E. Sharp is placing 5m shares, representing about 36 per cent of the share capital, at 100p per share. Dealings are expected to start on April 13.

The £4.4m raised will be used to redeem preference shares and loan stock totalling £3.6m and provide additional working capital. The directors are selling 410,000 shares to repay personal borrowings.

Porth Decorative, the principal subsidiary, makes artificial trees, tinsel, baubles, giftwraps, bows and door and wall decorations, which it sells to over 30 companies. Goodmark, the other subsidiary, makes aerosol products and is also involved in the contract filling of cans.

The business, founded in 1939, went into receivership in 1983. The assets were acquired by a company that became part of the Gooding Group. In 1987 the management launched a buy-out.

In 1988 operating profits were £1.35m (£0.9m) on turnover of £15.33m (£13.48m). At a notional tax charge of 35 per cent, the historic price earnings ratio is 14.5 times.

Dolphin makes £0.9m for seven months

By Maggie Urry

DOLPHIN PACKAGING, the packaging group based in Poole, Dorset, which floated its shares on the USM in September 1987, reported sales of £13.2m and pre-tax profits of £895,000 for the seven month period to end December 1988.

The group has changed its year end from May. In the year to May 1988, sales were £12.5m and pre-tax profits £2.5m.

Acquisitions helped push up sales but operating margins fell as some of the acquired businesses were loss-making.

Interest charges also rose sharply, to £482,000 in the seven months against £132,000 in the previous 12 months.

Mr Rupert Speyer, chairman, said he was confident of the long-term success of the acquisitions but warned investors not to become over-optimistic in the short term because of problems in three areas.

One plant in Cheltenham, Gloucestershire, was losing money and had required considerable rationalisation. However, he said, the investment was covered by the value of the freehold property there.

The acquisition was part of the purchase of AMT in September 1988 for £2.5m, which also included Kelder, a box fabricator in the Netherlands, which had made a positive contribution to the results.

An Irish egg box company bought from the receiver in April last year had lost money too. Now this had started making other, more profitable, products and the plant was working extra shifts, he said.

Profits had also been held back by a five-month delay in bringing a new PVC sheet extruder on stream.

Mr Speyer said this was now working properly and the group was virtually self-sufficient in PVC sheet and was able to recycle off-cuts which helped margins.

Mr Barry Smith, finance director, said that following the acquisitions and £2m of capital expenditure, gearing had risen to 115 per cent, but the group was sure this would fall sharply by the end of the current year.

Earnings per share were 3.33p and the dividend 1.87p for the seven months, which was 7/12ths of the previous year's total dividend.

Capital and Regional advances to £1.1m

IN AN encouraging year, Capital and Regional Properties increased its pre-tax profit from £453,000 to £1.1m, and is doubling the dividend to 0.6p.

This USM-quoted commercial property investor said net assets at end-1988 had risen from £10.7m to £19.54m, equal to 155p (90p) per share, of which two-thirds were in the UK and the rest in the US.

Mr Martin Barber, chairman, reported that acquisitions made turned out to be highly beneficial, while disposals put the group in a strong position through liquidity.

With the existing portfolio he was expecting very substantial increases in rental income, and therefore capital value, during 1989 and 1990 as a substantial number of rent reviews were falling due.

In the year ended December 25 1988 rental and management fee income moved up to £2.13m (£1.6m), there was other income £769,000 and profit on sale of investment property £397,000 this time.

Net interest costs soared to £1m (£141,000).

Earnings were 8.78p (2.75p) and the final dividend is 0.4p.

Magnetic Materials rises 28% to £318,000

A 28 per cent rise from £248,000 to £318,000 was announced by Magnetic Materials Group, USM-quoted magnetic components maker, for the six months to end-December 1988, on turnover up from £7.19m to £7.79m.

Directors said the first quarter had been difficult but the major Neosid reorganisation and investment programme was now completed, giving increased operating efficiences and enhanced powder quality.

In the second quarter costs were reduced with the company now operating out of three sites compared with the six it had previously. Directors said there had been an improvement in results from the second quarter onwards.

After tax of £114,000 (£75,000) net earnings per 10p share were 1.2p (1p). The interim dividend is maintained at 0.9p. Last year's total was 2.9p.

Pittard Garnar expands UK sheepskins activities

By Nikki Tait

PITTARD GARNAR, the leather group, has reached argeement with Andrews and Company (Pelts) for the purchase of its hide and skin market business at Welshpool in mid-Wales for £229,000 in cash.

Pittard says the deal will extend its ability to domestic sheepskins in the UK. Managing director, Mr J. Andrews, will also take on a "wider operational role" on the sourcing of raw materials for Pittard's chamois and clothing division.

The company is currently subject to two completed but as yet unpublished investigations by the Monopolies and Mergers Commission. These concerned the potential acquisition of Pittard Garnar by rival leather group Strong & Fisher, and the potential increase in the 16.6 per cent holding which Hillsdown, a larger furniture, food and property group, has in Pittard.

In reply to a written Parliamentary question it was disclosed that the MMC delivered its reports on March 10. No date, however, has been given for the publication.

Britannia rises 22% to £2.4m

Britannia Group, property development and construction concern, achieved a 22 per cent increase in pre-tax profits for the year to end December last, on turnover which rose 44 per cent from £19.9m to £28.6m.

The pre-tax figure of £2.44m (£2m) was arrived at after charging cost of sales £24.15m (£16.13m), administration expenses of £1.79m (£1.57m).Interest payable was £337,000(£233,000)

After tax of £867,000 (£718,000) net earnings per share emerged at 13.9p (12.9p). A proposed final dividend of 3.1p (2.5p) makes a total of 4.5p (2.5p).

Klark-Teknik profit up by 31%

Klark-Teknik, the USM-quoted manufacturer and distributor of professional sound and lighting equipment, raised its first-half profits by 13 per cent to £445,000 pre-tax, but sounded a warning about the second six months. The half year to January 31 saw turnover improve to £2.91m (£2.31m). There is a same-again interim dividend of 0.5p.

COMPANY NEWS IN BRIEF

ALEXANDER (WALTER) has issued a profits warning due to the poor trading performance of some of its operating divisions. Directors said that pre-tax profits for the year to March 31 would be "very much less" than the £6.5m reported for the previous year. The directors said trading conditions show some signs of improvement.

ALVA INVESTMENT Trust reported net asset value per share 260.4p (232.5p) at February 28 1989. Pre-tax revenue for six months £21,321 (£4,059 loss) and earnings per share 0.03p (0.9p). Interim dividend reduced to 0.5p (1.3p) to reflect board's concentration on capital growth rather than income.

ASSOCIATED ENERGY Services: Turnover £2.55m (£2.85m) and loss before tax £147,309 (£103,295) for year to end-September 1988. Losses per share 1.63p (0.96p earnings). Extraordinary credit £147,772 (debit £21,802), including profit on disposal of property less compensation payment to former chairman. Company's shares are traded on the USM.

BAILLIE GIFFORD Technology shows net asset value at February 28 1989 as 94.7p, compared with 102.2p.

CHARTERED TRUST (subsidiary of Standard Chartered Bank) made pre-tax profit of £23.5m for 1988 (£18.7m) reflecting strong trading performances by all operating divisions, including point of sale motor finance, personal financial services, property lending and contract hire. Year-end assets totalled £1.28bn (up £274m).

CHINA AND EASTERN Investment Company: Undiluted net asset value per 50 cent ordinary stood at US$1.69 (£1) at January 31 1989 against $1.4. Gross revenue for the six months to end-January $755,141 (loss $1.24m) and after tax revenue $447,748 (loss $1.55m).

GLOBE & PHOENIX Gold Mining reported pre-tax profits of £74,000 for year to September 30 last compared with a previous year's loss of £65,000. Turnover was £665,000 against £917,000; tax took £9,000 (£2,000) leaving earnings of 7.4p (7.52p loss). Dividend maintained at 1.25p.

HAWKER SIDDELEY has announced an agreement to purchase SenSym, a privately-owned US manufacturer of high technology sensors, for around $15m (£8.5m).

LOCAL LONDON Group: Offer from Priest Marians declared unconditional. Purchases and acceptances total 17.88m shares (86.6 per cent).

NEWMAN TONKS has purchased Martin Roberts for an initial £3.27m in cash and loan notes, with an additional £700,000 loan notes if profits for 1988-89 are at least £500,000. Martin Roberts makes and supplies industrial and commercial steel doors, flexible PVC doors and partitioning systems.

RESORT HOTELS is to acquire the Elcot Park Hotel in Newbury, Berkshire, for £4.13m. Elcot's profit before tax and management charges of £120,000 for year to September 30 1988 was £281,000.

RKF GROUP has acquired Real Flame, a manufacturer of fireplaces, for a consideration of £1.8m to be satisfied by the issue to the vendors of 1.5m new ordinary in RKF.

SHERATON SECURITIES International and the Malvern Property Company have completed the sale of their freehold interest for some £8m to Robert Jones Investments (UK).

TOOTAL: Abe Goldberg, through Harbour Bridge Holdings, has lifted his stake to 23.5 per cent. Separately, Tootal has acquired industrial and domestic sewing thread division of Saitel, a French textile company, for approximately £6m cash.

TRANWOOD has sold its 25 per cent holding in TGP 123, a consortium company formed to buy residential property portfolio in France, to ICA Holding, a Dutch industrial and property group. Consideration of £5m to be satisfied by issue to Tranwood of 180,000 shares in ICA at Fl 1.20 each and £4m nominal of six months loan notes of ICA.

UNIGATE: Mr Larry Goodman, the Irish businessman, has increased his holding in the food, dairy and distribution group, from 7.87 per cent to 8.83 per cent through the acquisition of a further 2.2m shares.

Group Precious Metal Mining Companies' Reports for the quarter ended 31 March 1989

All companies are incorporated in the Republic of South Africa

Driefontein Consolidated

Driefontein Consolidated Limited
(Registration No. 68/04880/06)

ISSUED CAPITAL: 204 000 000 shares of 50 cents each, fully paid.

	Quarter ended 31 March 1989	Quarter ended 31 Dec. 1988	Nine months ended 31 March 1989
OPERATING RESULTS			
Gold – East Driefontein			
Ore milled (t)	720 000	720 000	2 170 000
Gold produced (kg)	7 704,0	8 150,1	24 083,1
Yield (g/t)	10,7	11,3	11,1
Price received (R/kg)	31 205	32 595	32 681
Revenue (R/t milled)	334,38	368,65	363,29
Cost (R/t milled)	117,26	115,33	116,10
Profit (R/t milled)	217,12	253,33	247,19
Revenue (R000)	240 755	265 438	788 344
Cost (R000)	84 432	83 042	251 940
Profit (R000)	156 323	182 396	536 404
Gold – West Driefontein			
Ore milled (t)	705 000	705 000	2 098 000
Gold produced (kg)	7 191,0	6 917,2	20 843,7
Yield (g/t)	10,2	9,8	9,9
Price received (R/kg)	31 230	32 431	32 545
Revenue (R/t milled)	319,87	318,04	323,84
Cost (R/t milled)	140,03	138,45	140,74
Profit (R/t milled)	179,84	180,39	183,10
Revenue (R000)	224 947	224 779	679 424
Cost (R000)	98 722	97 607	295 274
Profit (R000)	126 225	127 172	384 150
FINANCIAL RESULTS (R000)			
Working profit: Gold	282 548	309 568	920 554
Profit/(loss) on sale of Uranium Oxide and Sulphuric Acid	358	(512)	(74)
Tribute royalties	186	544	730
Net mining revenue	283 092	309 600	921 210
Recovery under loss of profits insurance	4 000	—	4 720
Net sundry revenue (group)	29 582	17 985	70 620
Profit before tax and State's share of profit	316 674	327 585	996 550
Tax and State's share of profit	163 747	178 452	553 135
Profit after tax and State's share of profit	152 927	149 133	443 415
Capital expenditure	50 242	60 867	150 676
Dividend	—	163 200	163 200

TAX. The new rate of mining tax as announced in the budget by the Minister of Finance has been used in the tax computation.

CAPITAL EXPENDITURE. The unexpended balance of authorised capital expenditure at 31 March 1989 was R595,6 million.

DIVIDEND. A dividend (No. 31) of 80 cents per share was declared on 13 December 1988, and was paid to members on 8 February 1989.

SHAFTS

East Driefontein

No. 5 Sub-Vertical Shaft-E. The shaft was sunk 106 metres to a depth of 1 338 metres below the collar on 22 Level. The excavation of 48 Level is in progress.

No. 1 Tertiary Shaft-E. Construction work in the winder chambers continues.

West Driefontein

No. 9 Sub-Vertical Shaft-W. The development of the station layouts on 22 and 25 Levels as well as the casting of the rope taxi on 21 Level continues. The concrete core of the headgear portion between 22 and 21 Levels was also bored.

On behalf of the board

A. J. Wright
C. T. Fenton } Directors

4 April 1989

Northam

Northam Platinum Limited
(Registration No. 77/03282/06)

ISSUED CAPITAL: 28 800 000 shares of 1 cent each, fully paid.

	Quarter ended 31 March 1989	Quarter ended 31 Dec. 1988	Nine months ended 31 March 1989
Pre-production Mine Development Expenditure (R000)			
Capital expenditure	29 647	39 367	99 610
Net income after tax	4 731	3 808	10 582
	24 916	35 559	89 028

All income and expenditure has been capitalised as pre-production mine development expenditure.

CAPITAL EXPENDITURE. The unexpended balance of authorised capital expenditure at 31 March 1989 was R408,5 million.

SHAFTS

Zondereinde

No. 1 Shaft-Z. Development on 4 Level proceeded to the waste pass position and the waste pass between 3 and 4 Levels was completed. Sinking was resumed and the shaft advanced 79 metres to a depth of 1 566 metres below collar.

No. 2 Shaft-Z. The stations on 6 and 7 Levels were excavated and lined and the shaft was sunk 88 metres to a depth of 1 699 metres below collar.

The installation of the second permanent winder is in progress. The first stage of the refrigeration plant was commissioned.

METALLURGICAL PLANTS

The erection of the base metal removal plant building and the casting of the furnace foundation were commenced.

On behalf of the board

A. J. Wright
M. J. Tagg } Directors

4 April 1989

Vlakfontein

Vlakfontein Gold Mining Company Limited
(Registration No. 05/06155/06)

ISSUED CAPITAL: 6 800 000 shares of 20 cents each, fully paid.

	Quarter ended 31 March 1989	Quarter ended 31 Dec. 1988	Nine months ended 31 March 1989
OPERATING RESULTS			
Gold – Droogebult			
Ore milled (t)	39 411	40 719	116 799
Gold produced (kg)	95,6	108,3	315,4
Yield (g/t)	2,4	2,7	2,7
Price received (R/kg)	31 056	32 347	32 385
Revenue (R/t milled)	75,38	86,52	87,75
Cost (R/t milled)	91,80	82,10	85,70
(Loss)/profit (R/t milled)	(16,42)	4,42	2,05
Revenue (R000)	2 971	3 515	10 249
Cost (R000)	3 618	3 343	10 010
(Loss)/profit (R000)	(647)	172	239
Gold – Surface sources			
Ore milled:			
from surface dumps (t)	97 672	86 602	273 230
from outside sources (t)	72 917	82 679	239 971
Total milled (t)	170 589	169 281	513 201
Gold produced (kg)	171,3	178,5	525,2
Yield (g/t)	1,0	1,1	1,0
Price received (R/kg)	31 056	32 347	32 385
Revenue (R/t milled)	31,26	34,16	33,17
Cost (R/t milled)	29,82	30,70	31,03
Profit (R/t milled)	1,44	3,46	2,14
Revenue (R000)	5 332	5 783	17 024
Cost (R000)	5 087	5 197	15 926
Profit (R000)	245	586	1 098
FINANCIAL RESULTS (R000)			
Working (loss)/profit: Gold	(402)	758	1 337
Net sundry revenue	169	210	596
(Loss)/profit before tax	(233)	968	1 933
Tax:			
Formula tax	68	238	492
Non-mining tax	—	(2)	—
(Loss)/profit after tax	(301)	732	1 441
Capital expenditure	47	517	1 057

TAX. The new rate of mining tax as announced in the budget by the Minister of Finance has been used in the tax computation.

CAPITAL EXPENDITURE

(a) The unexpended balance of authorised capital expenditure at 31 March 1989 was R1,2 million.

(b) The expenditure for the quarter ended 31 March 1989 relates mainly to Droogebult.

On behalf of the board

M. J. Tagg
A. J. Wright } Directors

4 April 1989

Venterspost

Venterspost Gold Mining Company Limited
(Registration No. 05/05632/06)

ISSUED CAPITAL: 20 200 000 ordinary shares of 25 cents each, fully paid.
4 800 000 deferred ordinary shares of 25 cents each, fully paid.

	Quarter ended 31 March 1989	Quarter ended 31 Dec. 1988	Nine months ended 31 March 1989
OPERATING RESULTS			
Gold			
Ore milled (t)	420 000	405 000	1 230 000
Gold produced (kg)	1 559,8	1 451,3	4 509,6
Yield (g/t)	3,7	3,6	3,7
Price received (R/kg)	31 331	32 295	32 640
Revenue (R/t milled)	116,58	115,92	119,89
Cost (R/t milled)	112,16	111,49	111,24
Profit (R/t milled)	4,42	4,43	8,65
Revenue (R000)	48 963	46 951	147 469
Cost (R000)	47 107	45 155	136 825
Profit (R000)	1 856	1 796	10 644
FINANCIAL RESULTS (R000)			
Working profit: Gold	1 856	1 796	10 644
Net sundry revenue	1 642	1 593	4 667
Profit before tax	3 498	3 389	15 311
Tax	751	(1 540)	2 152
Profit after tax	2 747	4 929	13 159
Capital expenditure	4 232	30 200	35 674
Dividend	—	5 050	5 050

TAX. The new rate of mining tax as announced in the budget by the Minister of Finance has been used in the tax computation.

CAPITAL EXPENDITURE. The unexpended balance of authorised capital expenditure at 31 March 1989 was R121,6 million.

DIVIDEND. A dividend (No. 97) of 25 cents per share was declared on 13 December 1988, and was paid to members on 8 February 1989.

No. 4 SHAFT.
The foundations for the platform winder and compressor have been completed and the casting of the man-winder foundations and headgear pedestals was commenced.

Ground consolidation is in progress at the site of the shaft offices and at the site of the permanent Eskom sub-station. The construction of workshops is in progress.

On behalf of the board

M. J. Tagg
A. J. Wright } Directors

4 April 1989

Libanon

Libanon Gold Mining Company Limited
(Registration No. 05/08381/06)

ISSUED CAPITAL: 40 000 000 shares of 20 cents each, fully paid.

	Quarter ended 31 March 1989	Quarter ended 31 Dec. 1988	Nine months ended 31 March 1989
OPERATING RESULTS			
Gold			
Ore milled (t)	435 000	435 000	1 305 000
Gold produced (kg)	1 783,5	1 827,0	5 437,5
Yield (g/t)	4,1	4,2	4,2
Price received (R/kg)	31 296	32 310	32 570
Revenue (R/t milled)	128,54	135,99	135,95
Cost (R/t milled)	118,63	117,13	115,75
Profit (R/t milled)	9,91	18,86	20,20
Revenue (R000)	55 917	59 157	177 413
Cost (R000)	51 608	50 952	151 057
Profit (R000)	4 309	8 205	26 356
FINANCIAL RESULTS (R000)			
Working profit: Gold	4 309	8 205	26 356
Net sundry revenue	2 208	1 923	5 703
Profit before tax and State's share of profit	6 517	10 128	32 059
Tax and State's share of profit	438	(1 077)	3 098
Profit after tax and State's share of profit	6 079	11 205	28 961
Capital expenditure	6 360	7 066	19 470
Dividend	—	8 000	8 000

TAX. The new rate of mining tax as announced in the budget by the Minister of Finance has been used in the tax computation.

CAPITAL EXPENDITURE. The unexpended balance of authorised capital expenditure at 31 March 1989 was R101,6 million.

DIVIDEND. A dividend (No. 76) of 20 cents per share was declared on 13 December 1988, and was paid to members on 8 February 1989.

On behalf of the board

M. J. Tagg
A. J. Wright } Directors

4 April 1989

Doornfontein

Doornfontein Gold Mining Company Limited
(Registration No. 05/24709/06)

ISSUED CAPITAL: 40 000 000 shares of 25 cents each, fully paid.

	Quarter ended 31 March 1989	Quarter ended 31 Dec. 1988	Nine months ended 31 March 1989
OPERATING RESULTS			
Gold			
Ore milled (t)	390 000	366 000	1 122 000
Gold produced (kg)	1 950,0	1 937,6	5 624,7
Yield (g/t)	5,0	5,3	5,0
Price received (R/kg)	31 284	32 304	32 476
Revenue (R/t milled)	156,64	170,42	163,06
Cost (R/t milled)	148,07	152,54	150,05
Profit (R/t milled)	8,57	17,88	13,01
Revenue (R000)	61 089	62 372	182 948
Cost (R000)	57 746	55 829	168 354
Profit (R000)	3 343	6 543	14 594
FINANCIAL RESULTS (R000)			
Working profit: Gold	3 343	6 543	14 594
Net sundry revenue	2 215	1 670	5 444
Profit before tax and State's share of profit	5 558	8 213	20 038
Tax and State's share of profit	881	956	2 623
Profit after tax and State's share of profit	4 677	7 257	17 415
Capital expenditure	5 974	6 164	18 565
Dividend	—	4 000	4 000

TAX. The new rate of mining tax as announced in the budget by the Minister of Finance has been used in the tax computation.

CAPITAL EXPENDITURE. The unexpended balance of authorised capital expenditure at 31 March 1989 was R90,4 million.

DIVIDEND. A dividend (No. 64) of 10 cents per share was declared on 13 December 1988, and was paid to members on 8 February 1989.

ORE MILLED. The method of sorting ore has been changed from reef- to waste-picking and as a consequence, the sorting rate has declined giving an increase in the milling rate.

On behalf of the board

A. J. Wright
M. J. Tagg } Directors

4 April 1989

Kloof

Kloof Gold Mining Company Limited
(Registration No. 64/04462/06)

ISSUED CAPITAL: 121 100 000 shares of 25 cents each, fully paid.

	Quarter ended 31 March 1989	Quarter ended 31 Dec. 1988	Nine months ended 31 March 1989
OPERATING RESULTS			
Gold			
Ore milled (t)	540 000	540 000	1 620 000
Gold produced (kg)	6 268,7	7 242,0	20 746,2
Yield (g/t)	11,6	13,4	12,8
Price received (R/kg)	31 259	32 246	32 549
Revenue (R/t milled)	363,50	433,34	417,59
Cost (R/t milled)	174,19	163,26	165,05
Profit (R/t milled)	189,31	270,08	252,54
Revenue (R000)	196 291	234 006	676 494
Cost (R000)	94 063	88 161	267 387
Profit (R000)	102 228	145 845	409 107
FINANCIAL RESULTS (R000)			
Working profit: Gold	102 228	145 845	409 107
Net sundry revenue	8 630	5 565	21 044
Profit before tax and State's share of profit	110 858	151 410	430 151
Tax and State's share of profit	27 174	22 135	91 357
Profit after tax and State's share of profit	83 684	129 275	338 794
Capital expenditure	57 344	101 942	249 787
Dividend	—	72 660	72 660
Issue of debentures	19 075	—	35 425

TAX. The new rate of mining tax as announced in the budget by the Minister of Finance has been used in the tax computation.

CAPITAL EXPENDITURE

(a) The unexpended balance of authorised capital expenditure at 31 March 1989 was R792,2 million.

(b) Included in the total of capital expenditure for the quarter ended 31 March 1989 is an amount of R38,0 million in respect of Leeudoorn.

DIVIDEND. A dividend (No. 38) of 60 cents per share was declared on 13 December 1988, and was paid to members on 8 February 1989.

DEBENTURES. A further call of R7,00 per debenture was made on the holders of the partly paid unsecured convertible debentures and fell due on 1 January 1989.

SHAFTS

Kloof

No. 4 Sub-Vertical Shaft-K. No sinking was done during the quarter under review. Sliping of the rock hoist winder chamber has been completed.

Leeudoorn

No. 1 Shaft-L. The shaft was sunk 63 metres to its final depth of 1 948 metres below collar and shaft bottom arrangements have been completed. Equipping, from shaft bottom up, has commenced and 32 metres of steelwork was installed. Development of the belt level has been completed.

No. 1 Sub-Vertical Shaft-L. The shaft was sunk 86 metres to a depth of 105 metres below the collar on 23 Level. The station on 24 Level has been established. Excavation of the man winder and stage winder chambers has been completed.

On behalf of the board

C. T. Fenton
M. J. Tagg } Directors

4 April 1989

Deelkraal

Deelkraal Gold Mining Company Limited
(Registration No. 74/00160/06)

ISSUED CAPITAL: 99 540 000 shares of 20 cents each, fully paid.

	Quarter ended 31 March 1989	Quarter ended 31 Dec. 1988	Nine months ended 31 March 1989
OPERATING RESULTS			
Gold			
Ore milled (t)	405 000	405 000	1 215 000
Gold produced (kg)	2 632,5	2 632,5	7 695,0
Yield (g/t)	6,5	6,5	6,3
Price received (R/kg)	31 344	32 629	32 638
Revenue (R/t milled)	204,15	212,49	207,09
Cost (R/t milled)	103,19	99,45	100,61
Profit (R/t milled)	100,96	113,04	106,48
Revenue (R000)	82 680	86 059	251 614
Cost (R000)	41 791	40 276	122 243
Profit (R000)	40 889	45 783	129 371
FINANCIAL RESULTS (R000)			
Working profit: Gold	40 889	45 783	129 371
Net sundry revenue	4 819	3 443	11 410
Profit before tax and State's share of profit	45 708	49 226	140 781
Tax and State's share of profit	4 917	4 377	12 256
Profit after tax and State's share of profit	40 791	44 849	128 525
Capital expenditure	14 899	20 830	49 715
Dividend	—	29 862	29 862

CAPITAL EXPENDITURE. The unexpended balance of authorised capital expenditure at 31 March 1989 was R188,0 million.

DIVIDEND. A dividend (No. 12) of 30 cents per share was declared on 13 December 1988, and was paid to members on 8 February 1989.

No. 3 SHAFT
The shaft was sunk 160 metres to a depth of 311 metres below collar.

DEVELOPMENT. Development on 9 Level has reached the site of the proposed No. 3 Sub-Vertical Shaft.

On behalf of the board

A. J. Wright
M. J. Tagg } Directors

4 April 1989

GOLD FIELDS
OF SOUTH AFRICA LIMITED

Note:
Copies may be obtained from the United Kingdom Registrar:
Hill Samuel Registrars Limited,
6 Greencoat Place,
London, SW1P 1PL.

THE PROPERTY MARKET

Paul Cheeseright crosses the Irish Sea to explore Dublin's property scene

Frothy market on the Liffey

Robin Power chatted. Sitting in the Georgian house which is the Dublin headquarters of Power Corporation, the Irish property group, he recalled a conversation with an institutional investor.

"Every week four or five of our people fly to London while plane loads of British are flying the other way," he remembered saying. Back came the retort: "Maybe both of you have got it wrong?"

The implication of that retort is that both markets become dangerous places for outsiders. Power has expanded out of the narrow Irish market and taken its retail property ambitions to the UK and the US. British developers and investors have noted that the contrast between Irish inflation (at 2 per cent) and interest rates (at 8 per cent) with those in Britain has helped to create an encouraging commercial climate. For Irish property, this comes as a sharp relief after six years of depression.

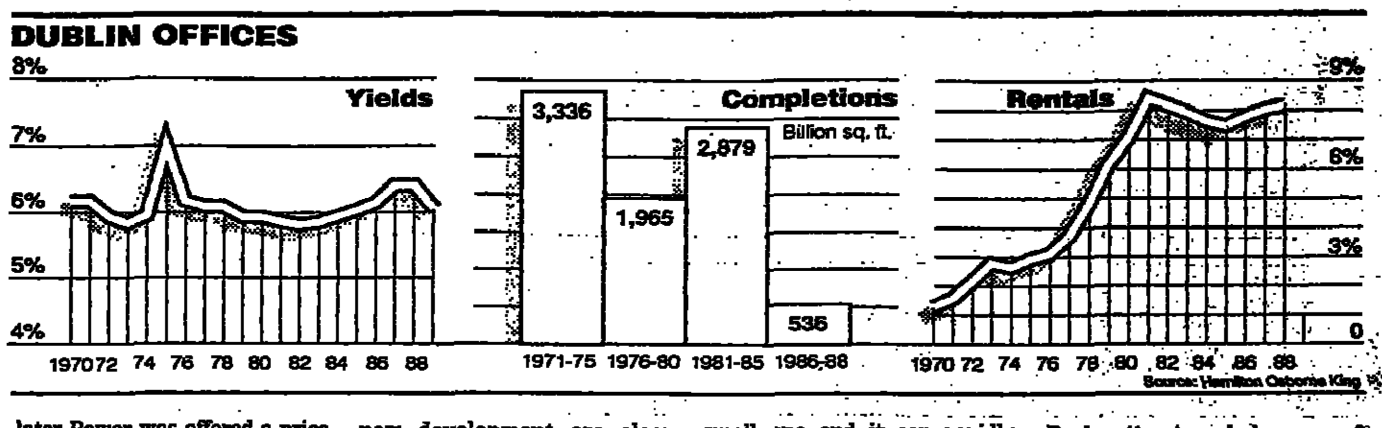
The British incursion comes at a time when the Irish investment community seeks a home for its funds. The combination of the two has meant that Dublin market sentiment is running ahead of events on the ground. "The office market is investment-led rather than end-user led," commented Ian French of Hamilton Osborne King, chartered surveyors.

The atmosphere is not unlike that in the City of London in the summer of 1987. The difference is that the demand for space in the City then was stronger than it is in Dublin now. Mr French expects to see Dublin demand pick up by the end of the year. Meanwhile it is running along at around 300,000 sq ft a year.

What is happening is that site prices are being bid upwards. British Land, active in the market since the early 1970s, now completing the St Stephen's Green shopping centre and leading the consortium at the 1m-sq-ft-plus Custom House Docks development, has stepped back. "It's getting a bit pricey. We're not bidding," said Cyril Metliss, a British Land director.

Sites are sometimes being bought in anticipation of a general rental rise. While there have been isolated lettings at I£ 16 (£13.40) a square foot, prime rents are more generally around I£ 8.50 and space is available at I£ 10. Yet some recent land transactions have been concluded at prices suggesting that buyers are expecting to lease space at I£ 15-I£ 16 a square foot.

A significant portion of Dublin's office stock is in converted Georgian town houses where it is possible to obtain some 4,000 sq ft of space. Six months ago, when prices were more stable, Power Corporation bought one for I£ 195,000, planning to convert it, and, in fact, started work. A month later Power was offered a price which gave it I£ 100,000 profit and accepted. The property has recently been on the market at I£ 430,000. That suggests rents of I£ 11-I£ 12 a square foot against a current level for this sort of property of about I£ 7.50.



There is a degree of frothiness about all this. But, assuming general business expansion, there is some justification for it because of the low level of office building in recent years. Indeed, there would have been hardly any building at all had it not been for consistent demand from the public sector in the mid-1980s.

The effects of this limited new development are clear from Hamilton Osborne King's analysis of the market. This showed that at the turn of the year there was a total of 475,000 sq ft of both new and secondhand space available on the market, but only 20,000 sq. ft of that was prime new space.

Last year's take-up of office space came to 320,000 sq ft, slightly higher than 1987, but of that total 82,000 sq ft was new space, less than half the amount of 1986 and 1987. There is, in short, a shortage of new office space, just as there had been in the City of London at the time its building boom started in 1985-86.

But the Dublin market is a small one and it can rapidly turn from famine to feast. Indeed there are planning consents for 2.76m sq ft of space, relatively a very large amount. Just over half of this is in two Irish Life developments and in Customs House Docks.

Custom House Docks, with its own development authority based on the London Docklands Development Corporation, is a I£ 400m project, the largest property venture Ireland has seen. It is inspired by the Government's desire to see Dublin establish a corner for itself in the international financial market.

Thus tenants and buyers of property at Custom House Docks attract a whole range of subsidies running from capital allowances, through rent allowances to concessions on corporation tax. These incentives are primarily directed at the international market but there are none the less substantial benefits for domestic businesses.

All of this is good news for the project's developers because their venture is thus given a special place in the market. The consortium — British Land, Hardwicke and McInerney Properties — brings together British and Irish companies and there is no doubt that British Land's financial muscle and previous involvement on the Irish market helped the consortium win selection during a 1986 competition.

The extent to which Custom House Docks will overhang the general market is not at this stage clear. It need not if the occupiers take space which otherwise they would not have taken or which does not leave a hole in the general market.

The actual office content of the scheme, which embraces, shopping, a hotel and museum, is nearly 760,000 sq ft spread over eight buildings. Construction has started on two buildings and negotiations for the sale of the first building to Allied Irish Banks are nearly complete. Further negotiations on sales are also taking place with National & City Brokers and Guinness Peat Aviation.

Jones Lang Wootton, the chartered surveyors which played a role in pulling the development consortium together and which is now charged with letting the space, explains that the search for occupiers is directed at specialist areas of the financial sector — treasury operations, fund management, re-insurance and leasing.

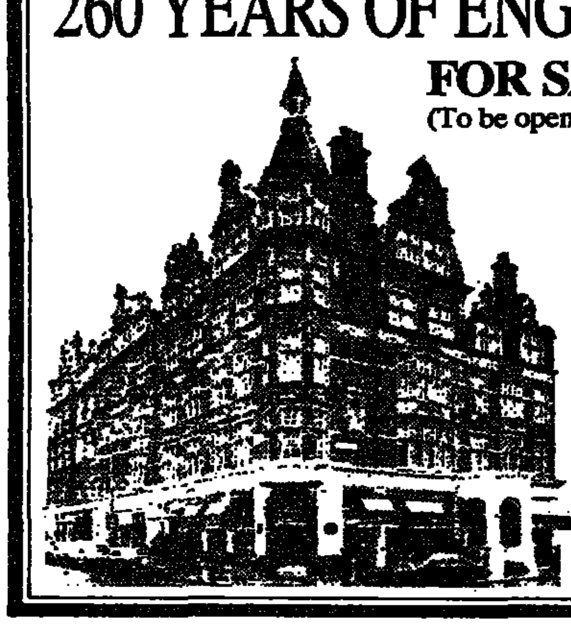
So far JLW has managed to sign up, among others, Japanese leasing companies, US, German, Belgian and Irish banks. This means that from the development point of view, the project is becoming increasingly bankable. The possibility of early sales gives an early and convenient boost to cashflow. For later buildings, funds will be raised from separate facilities for each building.

But the importance of Custom House Docks for the property market goes beyond the question of supply and demand.

It extends the financial district across the River Liffey from south to north. It could at the same time be a catalyst for the revival of the Liffey riverfront areas, which have become increasingly derelict. Other developments from other developers are planned. Custom House Docks is an exercise in urban regeneration on the waterfront.

Such prospects have become more attractive to property companies in the light of the greater confidence which has swept through the market and swept up prices. Office development is a further link in the chain of expansion.

There have been retail developments — most notably the St Stephen's Green centre in Dublin and, in Cork, a town centre complex by Heron. There has been a boost to prices in the residential market. What there has not been, so far is much expansion of the industrial property market. The sequence is not that dissimilar from what has happened in the English regions where the industrial market followed retail and offices.



COMPANY NOTICES

ABBEY NATIONAL BUILDING SOCIETY

£42,000,000 Amortising Subordinated Floating Rate Serial Notes due 1997

In accordance with the provisions of the Notes, notice is hereby given as follows:

Interest period: 3rd April, 1989 to 3rd July, 1989
Interest payment date: 3rd July, 1989
Interest rate: 13.625% per annum
Coupon amount: £33,969.18 per note of £1,000,000

Banque Internationale à Luxembourg
Societe Anonyme
Agent Bank

CHEMICAL NEW YORK CORPORATION
USD 250,000,000 FLOATING RATE SUBORDINATED CAPITAL NOTES DUE OCTOBER 1997

In accordance with the provisions of the Notes notice is hereby given that for the interest period from 11 April 1989 to 11 July 1989 the notes carry and interest rate of per cent per annum. The interest payable on the relevant interest payment date 11 July 1989 against Coupon No 15 will be USD per USD 50,000 note.

Agent Bank
Chemical Bank

COMPAGNIE FINANCIERE ALCATEL

A French société anonyme with a capital of 340,596,000 Francs with its main office at 12, rue de la Baume, 75008 PARIS
R.C.S. PARIS B 542 102 322

Information intended for the holders of bonds convertible into shares 10 1/4% 1990

The Board of Directors having planned, during its meeting of April 4, 1989, to eventually merge the Company through absorption, the bond holders are informed that, in accordance with the provisions of Article 196.1 of the law of July 24, 1966, the Board of Directors has resolved, during the same meeting, to suspend, as of April 21, 1989 until June 20, 1989 included, the exercise of the right to convert the above-mentioned bonds into shares.

THE BOARD OF DIRECTORS

RECTIFICATION

A/S JYSKE BANK
USD 40,000,000 Floating Rate Notes due 1994

In accordance with the terms and conditions of the Notes, notice is hereby given that for the six months period from October 31, 1988 to April 28, 1989 the coupon amount per USD 10,000 will be USD 482.81 and per USD 250,000 will be USD 12,069.86 and not respectively USD 466.51 and USD 12,220.05 as wrongly stated in the notice published on April 3, 1989.

BANQUE GENERALE DU LUXEMBOURG S.A.
Reference Agent

Notice to the Holders of
EUROPEAN INVESTMENT BANK
Italian Lira 150 Billion
Floating Rate Notes Due 1996

Coupon no. 3 due from March 31, 1989 to September 29, 1989 will be payable from September 29, 1989 at the rate of 12.75%.

Itl. 322.292 per Itl. 5.000.000.- Nominal
Itl. 3.222.920 per Itl. 50.000.000.
- Nominal

April, 4, 1989

Banco di Napoli International S.A.
Luxembourg
Reference Agent Bank

LEGAL NOTICES

GRANDEES LIMITED

Registered number: 463519
Nature of business: Clothing Manufacturer.
Trade classification: 08
Date of appointment of joint administrative receivers: 29 March 1989.
Name of person appointing the joint administrative receivers: Midland Bank plc
MICHAEL ANTHONY JORDAN and NIGEL JOHN VOOGHT
Joint Administrative Receivers
(Office holder nos 159 and 890) of
Cork Gully, Shelley House,
3 Noble Street. London EC2V 7DQ

GOR-RAY INTERNATIONAL LIMITED

Registered number: 2094286
Nature of business: Clothing Manufacturer.
Trade classification: 08.
Date of appointment of joint administrative receivers: 29 March 1989.
Name of person appointing the joint administrative receivers: Midland Bank plc.
MICHAEL ANTHONY JORDAN and NIGEL JOHN VOOGHT
Joint Administrative Receivers
(Office holder nos 159 and 890) of
Cork Gully
Shelley House
3 Noble Street
London EC2V 7DQ

GOR-RAY LIMITED

Registered number : 360070
Nature of business: Clothing Manufacturer.
Trade classification: 08
Date of appointment of joint administrative receivers: 29 March 1989
Name of person appointing the joint administrative receivers: Midland Bank plc
MICHAEL ANTHONY JORDAN and NIGEL JOHN VOOGHT
Joint Administrative Receivers
(Office holder nos 159 and 890)
Cork Gully, Shelley House,
3 Noble Street, London EC2V 7DQ

CLARENCE INSULATION SERVICES LIMITED

Registered Number: 2099318.
Nature of business: INSULATION CONTRACTORS.
Trade classification: 31 MINING & ENERGY.
Administration order made 17 MARCH 1989.
D.J. Stokes
Administrator (office holder no. 2862)

INTERNATIONAL PROPERTY

COMMODITIES AND AGRICULTURE

Poor weather could cut US harvest sharply

By **Nancy Dunne** in Washington

HIGH-LEVEL US Agriculture Department officials told a House agriculture subcommittee that poor weather conditions in Kansas and other Great Plains states might drastically cut yields in the US winter wheat crop, pushing down exports from 1.5bn bushels to 1.4bn bushels next year.

Mr Ewen Wilson, an assistant USDA secretary for economics, and Dr Norton Strommen, the Department's chief meteorologist, said drought and winterkill had destroyed wheat plantings in Kansas, Oklahoma and other Great Plains states. Dr Strommen said in some areas there were losses of between 15 and 20 per cent through winter-kill.

In a preliminary, unofficial estimate, Mr Wilson said output could fall to a low of 2.3bn bushels for the entire year. Stocks were likely to drop below 500m bushels, he said. That is a key level which the USDA does not like to go below.

Yields, Mr Wilson said, could be cut about 10 bushels per acre – equal to the largest decline ever – and he predicted that farmers in Kansas, the largest wheat-producing state, would not even bother to harvest about one-fifth of the acreage.

The pessimistic estimate was echoed by Mr John Schnittker, a leading private consultant, who forecast a reduction in the winter wheat crop of nearly 15 per cent. About three-quarters of all US wheat is grown in the winter.

Mr Schnittker said winter wheat output would drop to about 1.6bn bushels, down from a potential harvest of 1.85bn, and he urged the Bush Administration to cut acreage reduction schemes and grant export subsidies only with great discretion until at least mid-year.

On April 3, the Agricultural Statistics Service rated 46 per cent of the Kansas winter wheat crop at fair-to-poor and 48 per cent at very poor. However rain last week was reported to have brought some improvement.

"The key to 1989 crop yields will be timing, amount and distribution of spring rainfall," Mr Wilson said. The current 90 day forecast sees a return to more normal precipitation patterns.

Philippines seeks rice under US aid prgramme

By **Richard Gourlay** in Manila

PHILIPPINES OFFICIALS are in Washington this week purchasing 250,000 tonnes of rice under the US Public Law 480 aid programme in an attempt to cap domestic hoarding that has led to a sharp rise in the price of the country's staple food.

They will try to negotiate the purchase under PL 480's title two, the grant portion of the programme, and failing that under title one, the soft loan arm, according to the government's National Food Authority which has sole authority to import rice and runs the price stabilisation programme.

National stocks have fallen to 193,000 tonnes, or 75 days of national consumption, down from what it considers a safe level of 90 days supply, the NFA says.

Reports of rice shortages have led to a sharp increase in hoarding by traders and millers, a 20 per cent price hike in 10 days and threats from militant trade unionists of widespread industrial disruption.

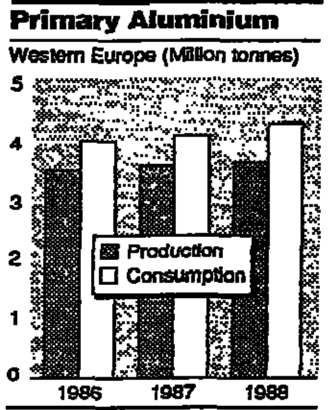
When President Aquino approved the import of rice last week she said: "I do not want even a few hours of Venezuela," referring to riots last month triggered by increases in prices of some basic commodities, while Mr Fidel Ramos, the Defense Secretary, yesterday said the price rises were "artificial" and called for concerted action to prevent speculative hoarding.

In January last year after rice stocks fell to 77 days of consumption during the dry season, the Philippines imported 151,000 tonnes from the US through PL480 and was given 20,000 tonnes by Australia and 10,000 tonnes by China, according to the NFA. They were the first imports since 1984.

Philippine rice technology, which was once taught to Thailand and helped to put that country among the region's top exporters, has failed to keep pace with population growth and the vagaries of weather.

About 90 per cent of annual rice production is grown during the wet season, July to December, with the rest in the dry season, January to June. Only 55 per cent of rice land is irrigated.

Primary Aluminium
Western Europe (Million tonnes)



Aluminium use still outpacing production

By **Kenneth Gooding**, Mining Correspondent

BOTH PRODUCTION and consumption of aluminium in Western Europe last year reached record levels, according to the European Aluminium Association.

Growth in consumption continued to outpace output by a big margin and Western Europe is now becoming a substantial importer of primary aluminium.

According to the association, primary aluminium output rose by 1.2 per cent last year from 3.525m tonnes in 1987 to an unprecendented 3.567m tonnes.

At the begining of last year the association had predicted a production growth rate of between 1.5 per cent and 2 per cent. The shortfall can be accounted for by the wildcat strike which damaged pot lines and closed Inespal's San Ciprian smelter in Spain in the first months of 1988. San Ciprian has an annual capacity of about 188,000 tonnes but the dispute reduced output be an estimated 50,000 tonnes.

The association says primary aluminium consumption rose by 4.6 per cent from 4.056m tonnes in 1987 to a record 4.242m tonnes. It says most of the growth was experienced in France, Italy, West Germany and the UK.

Countries monitored by the association also include Austria, Greece, Iceland, the Netherlands, Norway, Spain, Sweden, Switzerland and Yugoslavia.

● Aluminium prices on the London Metal Exchange yesterday maintained the break above the $2,000 a tonne level achieved on Wednesday. However, contrary to some chartists' predictions, it did not advance much further.

Aluminium for immediate delivery rose by $17.50 to close at $2,055 a tonne while metal for delivery in three months was up by $18.50 to $2,027.

Traders said buying continued to absorb selling resistance which restricted the metal's upward movement.

Australia warned on oil deficit

By **Chris Sherwell** in Sydney

AUSTRALIA COULD faces a net deficit on its trade in crude oil and petroleum products nine times higher than current levels by the year 2000 unless the Government adopts a more robust stance on domestic exploration.

The warning comes from the Geneva-based Petroconsultants group, and is timed to coincide with the annual conference of the Australian Petroleum Exploration Association, which starts in Hobart on Monday.

In a separate but related development, Esso, operator of the Bass Strait field, Australia's biggest domestic source of oil, has renewed a national advertising campaign criticising the disincentives which make it uneconomic to invest in exploration and even to extract known reserves from the Bass Strait.

The two claims come at a time when Australia's chronic balance of payments problem is showing further serious deterioration and production from Bass Strait is running down. Because the country's undiscovered crude resources could be as high as 3bn to 4bn barrels, or 12 to 15 years' supply, it is argued that an enhanced exploration effort would lower forecast import bills.

According to Petroconsultants, the expected downturn in Australian crude and condensate production from 189m barrels in 1988 to 79m barrels in the year 2000, combined with demand growth of 2.2 per cent per year, will increase outlays on crude from A$1.18bn (£550m) in 1988 to A$5.17bn by 2000 in constant dollars. With rising imports of petroleum products, the deficit on petroleum trade would rise from A$620m to A$5.36bn.

Despite this, the trend is for companies operating in Australia to make more exploration investment abroad, and the assumption by the Government is that the difference can be made up through purchases on a relatively low-priced world crude market, paid for with gains made from non-oil resource exports.

According to Petroconsultants, such an investment exodus by the oil companies amounts to a form of voting with the feet which demands a policy response and a re-thinking of incentive schemes by the Government.

Moreover, while Australia may feel sure now of future supplies, it says oil should not be viewed as just another commodity and Australia should minimise its dependency on imports.

Ontario will not oppose gas exports

By **Robert Gibbens** in Montreal

ONTARIO WILL not oppose plans by three major oil companies to export nearly 10 trillion (million million) cubic feet of natural gas over 20 years to US utilities from the Mackenzie Delta, North West Territory, about 2,000 miles north of Calgary.

The exports represent about 10 per cent of Canada's present proven gas reserves and Ontario previously had expressed reservations because it was worried about future domestic supplies and prices.

Ontario is Canada's most populous province and the largest user of Western oil and gas.

The three companies, Imperial Oil, Shell Canada and Gulf Canada Resources, have applied to the National Energy Board for a permit to export the gas. Three other groups are contending to build the pipeline from the Mackenzie Delta and this would be subject to another NEB hearing.

Several environmental groups will oppose the gas exports at hearings beginning in Ottawa next week but opposition to development of the Delta gas fields and a pipeline among Indian and other native groups has declined over the past 12 years. In the mid-1970s, the Federal Government ordered a moratorium on a Mackenzie Valley pipeline for 10 years.

Ontario now feels most of its concerns have been met and development of the Mackenzie Delta reserves, found in the early 1970s, is in Canada's long-term interest.

Ontario will attend next week's NEB hearings and will ask detailed questions. But it will not oppose the project.

Palladium price soars to 6-year peak

By **Kenneth Gooding**, Mining Correspondent

THE PALLADIUM price soared again yesterday. It was fixed in London at $166.25 a troy ounce, up $7.75 from Wednesday and its highest level since December, 1983.

Dealers said the precious metal had attracted speculative buying on both sides of the Atlantic after recent reports that palladium had been used in experiments attempting to produce energy from nuclear fusion at room temperature.

The price surge – from an average $124.52 an ounce last year – is not surprising considering palladium is the most illiquid, thinly traded precious metal, according to Mr Jeffrey Nichols, managing director of the New York-based American Precious Metals Advisors consultancy organisation. It is also "one which enjoys much more bullish fundamentals than gold, silver, or platinum."

He suggests the key feature of the palladium market in recent years has been a persistent deficit of supply to industrial requirements – the biggest user is the electronics industry which consumed nearly 2m ounces last year.

The cumulative deficit for the past seven years, including 1988, totalled 860,000 ounces, according to APMA, and by the end of this year will reach about 1m ounces.

Mr Nichols predicts total palladium supply this year will be about 3.68m ounces (up from 3.515m in 1988) while industrial demand will account for 3.85m ounces (3.74m).

He says that palladium's price has not moved up until recently because of huge stocks, probably over 2m ounces at the peak, built up by speculators and investors in the 1970s and early 1980s.

Apart from the long-term implications of the nuclear fusion experiments, interest in the metal was renewed after Ford recently revealed it was testing a non-platinum catalyst to remove emissions from car exhausts. It was widely assumed palladium was used instead.

However, Mr Nichols points out that supplies of palladium are relatively inelastic because it is mined principally as a by-product of platinum. The major suppliers are the Soviet Union, which sold about 1.55m ounces to the west last year out of total production of 2.5m, and South Africa, with 1988 mine production of 1.1m ounces.

Wide differences remain at coffee talks

By **David Blackwell**

THE GULF between producer and consumer sides at the International Coffee Organisation appears to be getting no narrower as the first week of talks on the international agreement draws to a close.

Yesterday morning the consumers agreed on a common stance, accepting the UK, West German and Dutch proposal for a universal quota, which would control all coffee exports to buyers both inside and outside the ICO.

But immediately afterwards the Brazilian delegation said that all producers were fully agreed that the universal quota was not a solution to the agreement's major problem – the two-tier market. This has particularly upset the US, the world's biggest consumer, and the European Community, who have become increasingly angry that countries outside the agreement have been paying up to 50 per cent less than ICO members for their coffee.

The producers themselves, however, have been unable to come up with a common stance.

The Brazilians and Colombians want the current agreement, which runs out in September, to be more or less continued as it is, with stiffer controls and penalties for under-price shipments to non-member countries.

The so-called other milds group, which comprises mainly the Central American producers of top-quality arabica coffee, want a once-and-for-all reform of the system which would allot bigger export quotas to the arabica producers at the expense of the less-favoured robustas. The new quotas would be based on market share, rather than on historical grounds as now. But Brazil, the world's biggest producer, objects to this as to any plan which would reduce its export quota.

The African producers, mainly of robustas, are still drawing up their proposal. But they are understood to be looking at a way of allocating a universal quota in such a way as to avoid producers who have until now been forced to sell into the non-member market taking a larger quotas and selling into the member market. In other words, an arabica producer now selling to non-members would sell his top quality coffee to an ICO member, displacing the less-favoured robusta exporter from the member market.

Potato futures surge higher

By **Richard Mooney**

A SUDDEN jump in the London potato futures market has lifted prices by up to 60 per cent this week. At last night's close the April futures position was quoted £17.50 up on the day at £99.50 a tonne, compared with £62.50 on Monday night.

Mr Adam Peel of J.W. Gaskell (Commodities) said the main reason for the upsurge was the inability of some short sellers to meet delivery commitments. Physical prices had risen, he said, reflecting the poor visual quality of samples offered against futures contracts. The unusually mild winter had resulted in a high level of sprouting and problems with "silver scurf" disease. Silver scurf can be controlled with a fungicide spray, but that in itself rules the potatoes out from acceptance by some buyers.

At GNI Commodities Mr John Adcroft explained that crops had looked good in early season and the Potato Marketing Board had bought supplies off the market to support prices. But when physical tendering against the April delivery contract began on Monday offerings were much lower than had been expected, and a high level of rejections sent the shorts scurrying for cover.

A trader at Cargill said only 16 lots (40 tonnes each) had been tendered against April futures and five or six of those *had failed inspection* by the Ministry of Agriculture's Agricultural Development and Advisory Service.

Peruvian mining group estimates guerrilla cost

LEFTIST GUERRILLA attacks have cost the Peruvian state mining giant Centromin at least $35m since 1981, according to the energy and mines minister, *Reuter reports from Lima.*

Mr Jose Carrasco Tavara said that guerrilla assaults had cost Centromin $12m in damaged and stolen equipment this year alone.

In one of the biggest acts of sabotage ever on a Centromin mine, Maoist Sendero Luminoso (Shining Path) rebels wrecked installations and killed five people in an attack on the Yauricocha copper and silver mine on March 23. The attack followed guerrilla strikes on two private mines in the previous four weeks.

Centromin was the country's largest mining concern by income in 1987 with earnings at about 9bn intis, the authoritative Peru Report said.

WORLD COMMODITIES PRICES

LONDON MARKETS

COCOA PRICES continued Wednesday's retreat, with the July contract closing down £19 at £780 a tonne – the lowest level since last October. The bearish fundamental situation – world supplies are way above demand for the fifth year running – appears to have taken a firm grip of the market, which came under pressure from mixed fresh selling and long liquidation. New York opened well down, further weighing on sentiment in the absence of any supporting factors. Dealers said the next major downside target would be £750 a tonne. On the LME copper and nickel prices were flat, while zinc went into reverse after the gains of the previous two days. A prompt attempt to continue the rally met trade selling and profit-taking. Traders said the market was still attempting to stabilise after the past month's sharp losses.

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$15.50-5.95z	-0.27
Brent Blend	$19.20-9.30q	-0.45
W.T.I. (1 pm est)	$19.80-9.85z	-0.43
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$262-267	-2.5
Gas Oil	$155-157	-7
Heavy Fuel Oil	$88-89	-3.5
Naphtha	$174-175	-4.5
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$384.5	+1.25
Silver (per troy oz)♣	582c	
Platinum (per troy oz)	$537.75	+5.85
Palladium (per troy oz)	$166.25	+7.75
Aluminium (free market)	$2035	+10
Copper (US Producer)	133½-138c	+1½
Lead (US Producer)	37.5c	
Nickel (free market)	690c	-8
Tin (European free market)	£9565	+30
Tin (Kuala Lumpur market)	26.19r	+0.10
Tin (New York)	438.5c	+10
Zinc (US Prime Western)	90¼c	
Cattle (live weight)†	123.04p	+9.57*
Sheep (dead weight)†	242.02p	+18.6*
Pigs (live weight)†	83.40p	-5.04*
London daily sugar (raw)	$307.8v	+5.4
London daily sugar (white)	$331.0v	+3.0
Tate and Lyle export price	£292.5	+3.0
Barley (English feed)	£116	
Maize (US No. 3 yellow)	£133.5	
Wheat (US Dark Northern)	£125.75v	-0.25
Rubber (spot)▼	69.25p	+0.25
Rubber (May)▼	67.75p	+0.25
Rubber (Jun)▼	68.00p	+0.25
Rubber (KL RSS No 1 May)	299.5m	+2.5
Coconut oil (Philippines)§	$535v	
Palm Oil (Malaysian)§	$380z	
Copra (Philippines)§	$350	
Soyabeans (US)	$195z	
Cotton "A" index	72.15c	+0.70
Woolltops (64s Super)	660p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. v-Apr/May. u-Mar. q-Apr. z-May/Sep. w-Apr/Jun. z-May. †Meat Commission average fatstock prices. * change from a week ago. ▼London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

COCOA £/tonne

	Close	Previous	High/Low	
May	772	790	785	766
Jul	779	799	794	775
Sep	795	814	810	791
Dec	826	845	838	822
Mar	815	834	827	811
May	815	832	826	810
Jul	820	836	825	820

Turnover:16828 (9224) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Apr 6:998.03 (1021.37):10 day average for Apr 7:1046.16 (1056.24).

COFFEE £/tonne

	Close	Previous	High/Low	
May	1113	1119	1124	1105
Jly	1078	1088	1092	1075
Sep	1050	1065	1063	1052
Nov	1044	1052	1050	1043
Jan	1043	1050	1050	1040
Mar	1040	1045	1048	1045
May	1042	1048	1048	

Turnover:2757 (3302) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Apr 5: Comp. daily 116.29 (116.47) ; 15 day average 115.69 (115.86).

SUGAR ($ per tonne)

Raw	Close	Previous	High/Low	
May	279.00	272.40	281.00	273.00
Aug	274.80	268.80	276.00	270.00
Oct	271.80	267.20	273.60	268.40
Dec	266.00	266.00	264.00	
Mar	261.00	259.00	260.00	259.20
May	258.00	256.60	258.00	
White	**Close**	**Previous**	**High/Low**	
May	335.00	326.50	335.00	328.00
Aug	332.00	325.50	331.00	325.00
Oct	321.00	313.00	320.00	316.00
Mar	308.00		308.50	305.00
May	305.00	299.00	305.50	304.00
Aug	307.00		304.00	

Turnover: Raw 7186 (8331) lots of 50 tonnes.
White 3540 (1619).
Paris- White (FFr per tonne): May 2095, Aug 2060, Oct 1990, Dec 1930, Mar 1910, May 1990.

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)						Ring turnover 20,875 tonne
Cash	2050-60	2035-40	2035	2035-8		
3 months	2025-30	2008-10	2025/2000	2008-10	2025-30	29,420 lots
Copper, Grade A (£ per tonne)						Ring turnover 38,450 tonne
Cash	1805-6	1803-8	1811/1808	1810-1		
3 months	1699-700	1697-8	1704/1690	1701-2	1690-2	70,390 lots
Silver (US cents/fine ounce)						Ring turnover 0 ozs
Cash	576-80	578-81		576-8		
3 months	591-2	592-5		591-2		355 lots
Lead (£ per tonne)						Ring turnover 12,350 tonne
Cash	342.5-3.5	341-2	340/341	341.5-2		
3 months	351.5-2	351-2	352/351	351.5-2	351.5-2	8,533 lots
Nickel ($ per tonne)						Ring turnover 1,716 tonne
Cash	15450-500	15400-500	15450/15400	15350-400		
3 months	15100-200	15200-50	15250/15000	14950-5000	15175-200	7,201 lots
Zinc, Special High Grade ($ per tonne)						Ring turnover 10,800 tonne
Cash	1685-90	1720-1	1690/1675	1680-5		
3 months	1662-5	1688-90	1665/1656	1658-60	1660-70	8,539 lots
Zinc ($ per tonne)						Ring turnover 18,050 tonne
Cash	1650-5	1685-90		1645-50		
3 months	1612-5	1640-5	1635/1605	1605-7	1610-5	12,752 lots

POTATOES £/tonne

	Close	Previous	High/Low	
Apr	99.5	82.0	100.0	86.0
May	125.0	108.5	129.0	110.0
Nov	90.0		89.0	87.5
Apr	133.5	132.0	134.5	132.5

Turnover 1268 (708) lots of 40 tonnes.

SOYABEAN MEAL £/tonne

	Close	Previous	High/Low	
Apr	150.00	151.00	151.20	150.00
Jun	147.00	147.50	147.00	
Oct	147.00	147.00		

Turnover 230 (400)lots of 20 tonnes.

FREIGHT FUTURES $10/index point

	Close	Previous	High/Low	
Apr	1620	1610	1625	1605
May	1573	1564	1580	1560
Jul	1389	1357	1390	1360
Oct	1480	1460	1480	1460
Jan	1520	1530	1520	1500
Apr	1562	1558	1562	
BFI	1620	1621	1620	

Turnover 427 (438)

GRAINS £/tonne

Wheat	Close	Previous	High/Low	
May	120.40	119.90	120.50	120.00
Jul	121.85	121.40	121.85	121.65
Sep	104.50	104.50	104.55	104.50
Nov	106.80	106.80	106.80	
Jan	109.60	109.85	109.60	
Mar	112.60	112.85	112.60	
Barley	**Close**	**Previous**	**High/Low**	
May	111.45	111.35	111.75	111.45
Sep	101.60	101.30	101.60	
Nov	104.50	104.35	104.50	
Jan	107.50	107.45	107.50	
Mar	110.55	110.40	110.55	

Turnover: Wheat 358 (471), Barley 25 (8).
Turnover lots of 100 tonnes.

FRUIT AND VEGETABLES

THE FIRST new seasons New Zealand Cox's are now in the shops at 50-60p a lb, reports FFVIB. Other new arrivals include Chilean Granny Smith 35-45p and American Minneolas at 15-25p each. Grapefruit are down to 10-25p (15-25p) and bananas are abundant, 40-54p (40-55p). Spanis strawberries are also extremely plentiful, 50-60p a half pound (50-65p). Californian asparagus is now in the shops at £2.00-3.00, as are Chilean onions 30-38p. Courgettes are still in good supply, 50-75p, as are potatoes, 9-18p. English, Dutch, Jersey and Guernsey tomatoes are more plentiful as the season gets under way 90p-£1.30 (90p-£1.40) and the first Webb's lettuce are also available 25-35p, together with Dutch bunched radishes at 35-45p.

LONDON BULLION MARKET

Gold (fine oz)	$ price	£ equivalent
Close	384¼-384¾	225¾-226
Opening	383¾-384	225¼-226
Morning fix	384.20	225.887
Afternoon fix	384.35	225.624
Day's high	384¾-385	
Day's low	383¾-384	
Coins	**$ price**	**£ equivalent**
Mapleleaf	395-400	231½-234½
Britannia	395-400	231½-234½
US Eagle	395-400	231½-234½
Angel	395-400	231½-234½
Krugerrand	384-387	225-227
New Sov.	90½-91½	53-53½
Old Sov.	90½-91½	53-53½
Noble Plat	625.60-634.50	366.10-334.30
Silver fix	**p/fine oz**	**US cts equiv**
Spot	341.50	581.00
3 months	352.50	595.60
6 months	363.65	611.00
12 months	385.85	644.05

CRUDE OIL $/barrel

	Close	Previous	High/Low	
May	18.45	18.90	18.65	18.29
Jun	17.67	18.13	17.85	17.56
Jul	17.10	17.62	17.17	16.98
Aug	16.60	17.48	16.60	
IPE Index	18.78	19.08		

Turnover: 8070 (6095)

GAS OIL $/tonne

	Close	Previous	High/Low	
Apr	153.00	158.00	156.00	153.00
May	149.00	152.75	150.50	147.50
Jun	148.00	149.50	148.00	145.50
Jul	148.00	149.00	148.00	145.00
Aug	148.75	149.00	147.50	146.50
Oct	148.75	147.25	147.00	
Nov	150.00	150.00	150.00	148.00
Dec	149.50	150.00	149.50	

Turnover 9909 (8430) lots of 100 tonnes

US MARKETS

IN THE METALS, very quiet markets were featured in front of Friday's US unemployment numbers, reports Drexel Burnham Lambert. Gold and silver were firm on some light book squaring. Copper rose on light trade buying. The soft markets again saw very heavy volume in the cocoa futures as prices fell over 30. Commission house and trade liquidation was seen throughout the session. Sugar continued its sideways trend as prices rebounded to close higher. Cotton futures fell giving back some gains made earlier in the week. Commission house sell stops also added weakness. The energy complex drifted lower as lack of aggressive buyers kept the markets weak. In livestock trading, pork bellies were again lower due mostly to the excess amount in storage. Live hogs fell with increased hog runs and light packer demand noted. Cattle futures declined on some carryover selling from the other meats. In the grain markets very slow dealings from lack of commercial participation made most futures close near the unchanged level. Wheat futures lost 3¼ cents, beans May, on Chinese tender business.

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Apr	384.0	383.8	385.2	383.7
May	385.7	385.6	0	0
Jun	388.7	388.3	389.6	386.6
Aug	393.0	392.1	393.6	392.0
Oct	396.5	396.4	0	0
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]	[illegible]
Apr	[illegible]	[illegible]	0	0
Jun	[illegible]	[illegible]	0	0

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Apr	523.7	523.8	529.5	522.6
May	523.7	524.4	0	0
Jul	527.7	526.9	533.0	527.0
Oct	527.2	526.9	530.0	528.0
Jan	530.2	531.4	530.0	530.0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Apr	580.0	580.1	0	0
May	583.3	583.6	585.5	580.0
Jul	590.7	[illegible]	0	0
Sep	594.1	594.6	597.0	594.0
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]

INDICES

REUTERS (Base: September 18 1931 = 100)			
Apr 5	Apr 4	mnth ago	yr ago
2007.3	2002.4	1997.6	1722.3

DOW JONES (Base: Dec. 31 1974 = 100)				
Spot	134.48	134.24	137.81	130.53
Futures	138.28	138.34	141.61	133.96

COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Apr	130.75	129.85	130.75	130.75
May	129.90	129.10	130.90	129.50
Jun	126.30	125.50	0	0
Jul	122.80	122.00	123.60	122.50
Sep	118.20	118.00	119.00	118.30
Dec	113.70	114.00	114.80	114.00

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
May	19.67	19.99	20.02	19.58
Jun	18.90	19.17	19.17	18.80
Jul	17.97	18.01	18.14	17.83
Aug	17.50	17.61	17.75	17.50
Sep	17.28	17.33	17.55	17.28
Oct	17.14	17.21	17.15	16.99
Nov	17.00	16.79	17.08	16.82
Dec	16.86	16.55	16.80	16.45
Jan	[illegible]	[illegible]	[illegible]	[illegible]
Feb	16.89	16.37	16.90	16.36

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
May	[illegible]	[illegible]	[illegible]	[illegible]
Jun	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]	[illegible]
Sep	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Nov	[illegible]	[illegible]	[illegible]	[illegible]

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
May	1300	1336	1330	1285
Jul	1268	1296	1279	1253
Sep	1256	1286	1270	1247
Dec	1266	1273	1270	1242
Mar	1265	1274	1265	1260
May	1265	1288	1274	1260
Jul	1256	1279	1275	1255

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
May	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]
Sep	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
May	12.66	12.36	12.77	12.40
Jul	12.42	12.17	12.48	12.22
Oct	12.21	11.93	12.30	12.00
Jan	11.90	11.15	0	0
Mar	11.80	11.53	11.78	11.58
May	11.69	11.48	11.60	11.60
Jul	11.55	11.43	0	0

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
May	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
May	165.15	165.65	165.80	164.25
Jul	167.05	167.30	167.50	166.30
Sep	164.00	165.00	165.00	164.00
Nov	159.15	159.65	159.00	158.40
Jan	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
May	714/0	716/0	718/0	708/4
Jul	725/0	724/0	727/6	719/4
Aug	726/6	721/4	727/0	719/0
Sep	717/2	712/0	716/0	710/2
Nov	711/4	711/4	716/0	708/4
Jan	720/4	719/4	724/0	716/4
Mar	735/0	730/0	735/0	726/0
May	740/0	738/0	740/0	736/0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
May	22.09	22.07	22.17	21.97
Jul	22.59	22.57	22.67	22.57
Aug	[illegible]	[illegible]	[illegible]	[illegible]
Sep	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
May	220.7	220.1	221.5	218.5
Jul	219.8	218.1	220.4	217.7
Aug	216.6	216.1	218.0	216.5
Sep	216.5	216.5	217.0	214.5
Oct	216.0	213.7	216.0	213.0
Dec	216.0	213.0	216.5	211.8
Jan	214.2	212.5	214.5	212.5
Mar	213.5	212.5	213.0	211.0
May	213.0	212.5	213.0	211.0

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
May	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]
Sep	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
May	400/4	404/2	404/4	395/4
Jul	391/6	392/2	395/0	389/4
Sep	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Apr	77.67	78.17	78.40	77.47
Jun	72.67	72.72	72.87	71.90
Aug	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]	[illegible]
Apr	[illegible]	[illegible]	[illegible]	[illegible]

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low	
Apr	39.97	40.57	40.65	39.57
Jun	44.92	45.92	46.02	44.90
Jul	45.65	46.95	46.02	45.05
Aug	44.40	44.47	44.65	43.35
Oct	41.17	41.75	41.80	41.10
Dec	42.95	43.42	43.45	42.95
Feb	43.95	44.40	44.60	43.95

PORK BELLIES 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
May	34.40	34.85	35.10	34.32
Jul	34.92	35.10	35.40	34.60
Aug	33.80	34.20	34.45	33.50
Feb	48.77	48.35	48.80	47.85
Mar	48.00	48.35	48.00	47.85
May	47.60	47.80	47.80	47.60

LONDON STOCK EXCHANGE

Too many negative factors in equities

Sentiment in London's equity markets, unsettled on Wednesday by an overall lack of enthusiasm and by worries about the trade deficit, inflation and the absence of an expected boost from institutions as the new UK tax year got underway, took another and more substantial knock yesterday.

A number of factors prompted the latest decline. Firstly, there was programme sales with the emphasis on the sell side; secondly, and much more important, a bearish note on the UK economy and the stock market came from UBS Phillips and Drew, the securities house; thirdly, there was the downward trend in the American and Japanese markets.

Account Dealing Dates			
*First Dealings:	Mar 13	Apr 3	Apr 17
Option Declarations:	Mar 30	Apr 13	May 4
Last Dealings:	Mar 31	Apr 14	May 5
Account Day:	Apr 10	Apr 24	May 15

*New time dealings may take place from 9.00 am two business days earlier.

The FT-SE 100-share index opened with a fractional gain of 0.3 but it quickly retreated under growing selling pressure to close a net 25.7 off at 2,052.5. Dealers said the market had opened on a relatively steady note, and with very little pressure during early business. But the impact of some sustained selling became obvious later when share prices began sliding in active trading.

A number of programme trades were in operation, with traders noting above average activity by at least three top securities houses, Smith New Court, BZW and UBS Phillips & Drew, as well as some aggressive trading by Security Pacific Hoare Govett and County NatWest.

A broker with one of the leading US investment houses estimated that the overall bias of the programme trades was "getting on for £70m on the sell side". "The big trade selling, coupled with the disappointing opening trend on Wall Street and the worrying note from UBS Phillips and Drew, combined to leave the market reeling.

The UBS note and its "Hard Landing" headline was badly received in the market. UBS's economics team said: "We have shifted our recommendation on the British economy from 'hold' to 'sell'. We now see it drifting into a period of stagflation." UBS says GDP growth ex-oil will slide from 3½ per cent this year to 1½ per cent next year and that inflation will stick at 8 per cent during 1990 after a peak 8 per cent-plus this summer.

Worries about inflation was a theme also taken up yesterday by Kleinwort Benson in their UK Action Weekly. The securities house says "since the Easter break our economists have become more bearish on domestic inflation – the odds on a hike – though still less than evens – are now higher than they were when Mr Lawson presented his budget."

The overall picture tended to eclipse some big developments yesterday among individual stocks, notably Hillsdown, where Mr David Thompson's near-15 per cent stake was placed in the market.

FINANCIAL TIMES STOCK INDICES

	Apr 6	Apr 5	Apr 4	Apr 3	Mar 31	Year Ago	1989 High	1989 Low	Since Compilation High	Since Compilation Low
Government Secs	86.54	86.70	87.10	86.81	87.30	90.60	89.29 (6/2)	86.54 (6/4)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	97.48	97.66	97.82	98.08	98.32	97.43	99.59 (16/3)	95.93 (4/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1684.2	1705.4	1709.4	1709.5	1707.9	1399.4	1761.1 (14/3)	1447.8 (3/1)	1926.2 (16/7/87)	49.4 (26/6/40)
Gold Mines	188.9	191.0	190.4	190.9	190.2	221.6	195.1 (28/3)	154.7 (17/2)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	4.55	4.50	4.49	4.49	4.50	4.60				
Earning Yld %(full)	11.03	10.90	10.86	10.87	10.90	12.03				
P/E Ratio(Net)(*)	10.94	11.06	11.13	11.11	11.09	10.19				
SEAQ Bargains(5pm)	32,839	35,919	43,563	37,806	39,767	26,088				
Equity Turnover(£m)†	-	1113.93	1277.70	1095.00	1399.64	891.13				
Equity Bargains†	-	46,064	52,224	45,030	45,659	29,767				
Shares Traded (ml)†	-	467.6	507.8	524.7	608.3	415.5				

Ordinary Share Index, Hourly changes

Opening	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1706.2	1698.4	1694.4	1691.0	1692.7	1693.1	1690.2	1684.4

DAY'S HIGH 1708.2 DAY'S LOW 1683.8

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974. *Nil 10.85 †Excluding intra-market business. * Corrected figure.

S.E. ACTIVITY

Indices	Apr 5	Apr 4
Gilt Edged Bargains	109.1	102.5
Equity Bargains	298.6	338.4
Equity Value	2281.5	2582.6
5-Day average		
Gilt Edged Bargains	105.2	102.6
Equity Bargains	298.1	288.2
Equity Value	2503.1	2453.2

● London Report and latest Share Index: Tel. 0898 123001

Hillsdown stake placed

The sale of his remaining 14.5 per cent stake in Hillsdown by Mr David Thompson, the founder and former chairman of the foods company, was widely welcomed in the market; dealers and analysts agreed that the sale removed a cloud that has cast a long shadow over the share price since last summer. The placing of the 60.5m shares (at 255p) was engineered by securities house Smith New Court in less than four minutes, so great was the demand for the stock from institutions, said dealers.

Although Hillsdown fell to a day's low of 262p immediately after the sale, the stock rallied smartly to close just 8 weaker at 270p. Turnover ended at 128m shares. Yet, some analysts were warning that there could be an initial delay before Hillsdown shares begin their expected recovery. Broking house BZW forecasts a period of "indigestion" for the stock, but expects to turn a buyer of Hillsdown in the longer-term.

Overall, however, the mood was upbeat. Mr David Lang, analyst at Henderson Crosthwaite, was pleased that the stock overhang had been removed from the market and looked forward to a rating of Hillsdown that reflected the true value of the company. Mr Lang, who anticipates profits of around £175m this year from Hillsdown, concluded: "We are looking for moves to strengthen the management of the company, and further developments that will sharpen the focus of Hillsdown's businesses, reduce its gearing and improve margins."

Pure genius

Drinks group Guinness delighted the market with a 28 per cent rise in annual profits to £521m, a figure that easily topped most analysts' forecasts. In the face of a weak market, Guinness responded firmly amid consistent buying, closing 7 better at 432p on turnover of 6.6m shares. Guinness also announced that it was increasing its stake in French group LVMH by 4 per cent to 24 per cent via the acquisition of a near 17 per cent holding in Christian Dior of Paris.

The immediate reaction of City brokers to the better-than-expected figures was to upgrade their profits forecasts for the coming year. BZW, which said the "excellent" results proved that the spirits business could be "immensely profitable" when properly managed, has raised its estimate for 1989 profits from £580m to £625m.

Smith New Court was another house to waste little time in revising its numbers; Mr Mike McCarthy, the drinks analyst, is moving his forecast up by £30m to £620m. He echoed the words of Mr Anthony Tennant, the Guinness chief executive, when he said of future trading prospects: "Although the results were pretty good, they were still some way short of what the group is capable of."

Thorn verdict

The market gave its verdict on the two opposing views on Thorn EMI revealed during early trading. Mr Jeremy Woan, at Citicorp Scrimgeour Vickers, downgraded his forecast for the current year's profits from £343m to £317m, although he stood by his 1988 forecast of £285m. He cited flatness in the rental market, continuing problems in UK retailing, because of a downturn in the economy and higher interest charges. "Short-term price weakness," was his conclusion.

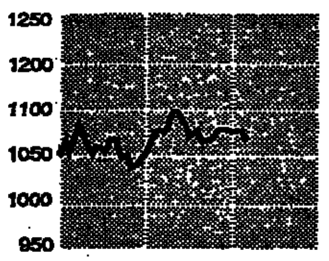
On the other hand, Ms Jane Anscombe at BZW switched her recommendation from a "weak sell" to a "buy" on the grounds that the bad economic news was already in the price – it had underperformed the market for six months. Her forecasts were unchanged at £285m and £330m for last year and this respectively.

Logic cut little ice in trading, however. "In a negative market like today's you discount the buying tack and look to selling," said a marketmaker. The stock closed down 13 at 676p, a sharper fall than in the FT-SE100 index.

Reckitt and Colman lost only 7 to 1068p on publication of its 14 per cent rise in full-year profits. "Its highly valued brands should underpin the stock price," said Mr James Dodwell, analyst at BZW.

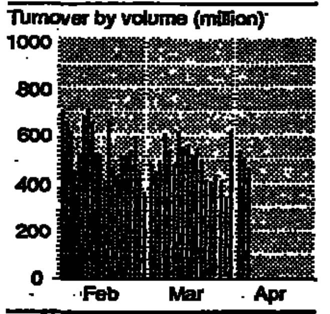
Beecham dropped through the £6 barrier, ending 15 off at 599p. Nomura's cautious tone overnight was seen as the main cause although one marketmaker spoke of a US suggestion that Du Pont might try to bid for Smithkline Beckman in competition with Beecham. An optimistic note was struck by Mr Stewart Adkins, analyst at Shearson Lehman, who gave three reasons for short-term firmness in Beecham. One, if any bidder for Beecham were to appear, the price would be at least £8 a share. Two: if the merger talks with SKB were to break down, the downside was no more than 5p a share. Three, if the deal goes ahead then the merged group would achieve £400m of cost savings, earn 30 per cent more and grow faster than the individual companies.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)



Another slide by crude oil prices – May Brent fell around 40 cents a barrel yesterday – and the overall decline by international stock markets put downside pressure on the energy sector.

There were exceptions, however, with British Gas resisting the trend after a strong buy recommendation issued by Paul Spedding, of the oil team at Kleinwort Benson. Gas shares were finally unchanged at 176½p on turnover of 4.4m, having turnved over some 18m the previous day.

The Kleinwort analyst says "with regulatory worries now quantified, Gas is now set for a period of outperformance. Operationally it will benefit from growing environmental concerns which will boost gas's share of the power generation market and from rising oil and electricity prices.

Among busily traded insurers the Life group London & Manchester fell 4 to 276p after announcing a 21 per cent increase in after-tax profits to £14.6m. Although the figures were slightly better than expected, dealers warned that the group's exposure to the UK housing market through its mortgage lending and estate agency business could threaten future earnings.

Prudential were particularly active. A big seller of the stock was sighted by traders late on Wednesday, and with good two-way business throughout the session yesterday the stock finished 3½ weaker at 182½p on turnover of 7.6m shares.

Potential buyers of Tarmac withdrew rather quickly late in the session on fears that a line of stock could be overhanging the market. Their concern stemmed from a marketmaker's earlier purchase of 2m shares via one of the day's programme trades. "We see no evidence that he's managed to place them," said a specialist salesman, "and until we do, buyers are likely to stand off." After showing initial resistance to the wider market malaise, Tarmac shares weakened abruptly to close 12 down at 304p in volume of 6.5m.

The general mood of uncertainty was partly responsible for a downturn in Ibstock Johnsen, although analysts did voice worries about the group's US exposure, despite yesterday's sharply increased annual profits. The shares lost 5 to 163p. Profit-taking after Wednesday's buoyant figures took a further toll on British Dredging and the close was 8 easier at 157p. A report that the proposed management buy-out is threatened by a dispute over the terms offered to convertible preference holders saw Magnet ease 300p.

Electricals were weak across the board. "There's no need to rush in and buy this sector, so no one is," said a specialist salesman. Racal, 7 off at 381p, and Cable and Wireless, down 17 at 465p, were the worst hit.

Food stocks attracted considerable interest during the day. Among manufacturers talk that Hunter Saphir's contract to supply frozen meals (quaintly known as "recipe dishes") to Marks & Spencer could be under threat saw shares in the former lose 2 at 158p. Northern Foods, one of Hunter Saphir's main rivals, are well placed to benefit if the contract comes up for tender, said dealers, and the shares spent most of the day in surplus before ending a touch easier at 293p. Broking house Hoare Govett is a fan of Northern Foods; the shares have been oversold and now that the listeria/salmonella scare looks over they are worth buying, said Hoare.

Supermarket group, Gateway, afforded the rare sight of a gain; the shares adding 1½ at 172p as 6.3m changed hands on continued speculation of imminent corporate activity.

Dealers were surprised by early strength of BAA, which took the price up 10. The usual mix of property valuation and Japanese buying speculation was bolstered by a story that Cazenove had visited the company during the morning; the broking house would not confirm market gossip that it intended to raise it's forecast for the current year profits by £20m. By the close the stock had settled back to 358p, a rise of 5 on the day.

A disappointing property revaluation in AB Ports' full-year figures depressed the price by about 20 in early trading. It recovered on the news that the Government was abolishing the national Dock Labour Scheme, and the stock closed at 552p, a net fall of 8. Mr Alan Kelsey, head of research at Kitcat & Aitken, explained that the abolition of the scheme would give AB Ports immediate savings of £5m-£10m a year, rising to £20m in two years time. "It may also encourage switching of investment and traffic to UK ports from Europe." The main obstacle was whether there would be a national dock strike but that "the cost of holding out would be trivial against the gains to be made," he said.

The stream of profits warnings continued with Reed Executive. The board said the current year would produce lower figures than 1988 and the stock dived 36 to 92p.

Income fund managers bought heavily into British Steel in anticipation of the dividend due in about 9 weeks. They are looking for around 5p - seen as good value for the temporary ownership of an 80p-odd stock with little downside. The shares were 2 better at 83p and 33m changed hands.

Maxwell Communication made little response to increased earnings, easing 3 to 203p, while recently-firm Musterlin slipped back 8 to 157p despite bumper annual profits. However, after a similar disclosure Filofax were bought and ended 5 higher at 85p. Confirmation of the talks between MAI and Addison Consultancy and of a possible offer for the shares not already-owned by MAI pushed Addison up 1½ to 40½p.

P&O suffered the first marked setback for several days, losing 13 to 658p, while Ocean Transport gave back all of the previous session's rise to close 10 down at 306p.

Fund management groups drew increased interest following Société Génerale's purchase of Touche Remnant Holdings. Henderson Administration featured a rise of 20 to 825p.

Denials from both camps that the Bond Corporation stake in Lonrho had been sold aroused little activity in the latter's shares, which drifted down to 318p. Polly Peck were one of few other overseas traders to make ground, rising 4 to 316p after confirmation that the annual results would be announced on Wednesday.

Three new issues made their debut in the market: Amberley Group, placed at 57p touched 71p, ended the day with a 9p premium at 66p; CCS Group opened at 35p before easing back to 32p in quiet trading; and Vista Entertainments, which were placed at 5p and finished the session firm at 7¾p.

GEC was the most heavily handled stock on the traded options market, attracting 2,584 contracts, about two-thirdscall. Overall market business was modest by any recent standard, reaching 33,193 contracts, made up of 21,334 calls and 11,859 puts. Index trading came to 2,577 calls and 3,966 puts.

■ Other market statistics, including FT-Actuaries Share Index and London Traded Options, Page 25

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for most Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change
ASDA Group	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Laporte	[illegible]	[illegible]	[illegible]	Royal Bk. of Scotland	[illegible]	[illegible]	[illegible]
Allied-Lyons	[illegible]	[illegible]	[illegible]	Courtaulds	[illegible]	[illegible]	[illegible]	Legal & General	[illegible]	[illegible]	[illegible]	Royal Insurance	[illegible]	[illegible]	[illegible]
Amstrad	[illegible]	[illegible]	[illegible]	Dalgety	[illegible]	[illegible]	[illegible]	Lloyds Bank	[illegible]	[illegible]	[illegible]	STC	[illegible]	[illegible]	[illegible]
Argyll Group	[illegible]	[illegible]	[illegible]	Dixons	[illegible]	[illegible]	[illegible]	LASMO	[illegible]	[illegible]	[illegible]	Saatchi & Saatchi	[illegible]	[illegible]	[illegible]
Ass. Brit. Foods	[illegible]	[illegible]	[illegible]	Eng. China Clays	[illegible]	[illegible]	[illegible]	Lonrho	[illegible]	[illegible]	[illegible]	Sainsbury	[illegible]	[illegible]	[illegible]
BAA	[illegible]	[illegible]	[illegible]	Enterprise Oil	[illegible]	[illegible]	[illegible]	Lucas	[illegible]	[illegible]	[illegible]	Scot & Newcastle	[illegible]	[illegible]	[illegible]
BAT	[illegible]	[illegible]	[illegible]	FKI Babcock	[illegible]	[illegible]	[illegible]	MB Group	[illegible]	[illegible]	[illegible]	Sears	[illegible]	[illegible]	[illegible]
BET	[illegible]	[illegible]	[illegible]	Ferranti	[illegible]	[illegible]	[illegible]	MEPC	[illegible]	[illegible]	[illegible]	Shell Transport	[illegible]	[illegible]	[illegible]
BICC	[illegible]	[illegible]	[illegible]	Fisons	[illegible]	[illegible]	[illegible]	Marks & Spencer	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BOC	[illegible]	[illegible]	[illegible]	Gateway Corp.	[illegible]	[illegible]	[illegible]	Maxwell Comm.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BPB Inds.	[illegible]	[illegible]	[illegible]	General Accident	[illegible]	[illegible]	[illegible]	Midland Bank	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BTR	[illegible]	[illegible]	[illegible]	General Elec.	[illegible]	[illegible]	[illegible]	Nat. West. Bank	[illegible]	[illegible]	[illegible]	Standard Chartered	[illegible]	[illegible]	[illegible]
Barclays	[illegible]	[illegible]	[illegible]	Glaxo	[illegible]	[illegible]	[illegible]	Next	[illegible]	[illegible]	[illegible]	Storehouse	[illegible]	[illegible]	[illegible]
Bass	[illegible]	[illegible]	[illegible]	Globe Inv.	[illegible]	[illegible]	[illegible]	Northern Foods	[illegible]	[illegible]	[illegible]	Sun Alliance	[illegible]	[illegible]	[illegible]
Blue Circle	[illegible]	[illegible]	[illegible]	Granada	[illegible]	[illegible]	[illegible]	Pearson	[illegible]	[illegible]	[illegible]	T&N	[illegible]	[illegible]	[illegible]
Boots	[illegible]	[illegible]	[illegible]	Grand Met.	[illegible]	[illegible]	[illegible]	P & O	[illegible]	[illegible]	[illegible]	TSB	[illegible]	[illegible]	[illegible]
Brit. & Comm.	[illegible]	[illegible]	[illegible]	GKN	[illegible]	[illegible]	[illegible]	Pilkington	[illegible]	[illegible]	[illegible]	Tarmac	[illegible]	[illegible]	[illegible]
Brit. Aerospace	[illegible]	[illegible]	[illegible]	GUS	[illegible]	[illegible]	[illegible]	Plessey	[illegible]	[illegible]	[illegible]	Tate & Lyle	[illegible]	[illegible]	[illegible]
British Airways	1,100	199		Guinness	6,600	432	+7	Polly Peck Intl.	957	316	+4	Taylor Woodrow	381	623	-6
British Gas	4,400	176½		Hammerson 'A'	320	774		Prudential	3,200	182½	-3½	Tesco	1,300	156	-4
British Land	174	367	-4	Hanson	5,500	182½	-3½	Racal	4,400	380½	-7½	THORN EMI	3,500	676	-13
BP	5,700	279½	-5	Harrisons & Cros.	118	740	-5	Rank Org.	771	921	-15	Trafalgar House	2,400	366	-8
British Steel	33,000	83	+2	Hawker Siddeley	604	648	-7	RHM	671	385	-6	Trusthouse Forte	3,300	292½	+½
British Telecom	4,900	274	-3	Hillsdown Hldgs	128,00	270	-3	RMC	538	668	-14	Unilever	3,008	522	-9
Burmah Oil	699	539	+2	Hill	119	221	-3	Reckitt & Colman	375	1068	-7	United Biscuits	1,000	316	-3
Burton	1,100	209	-1	Imp. Chem.	927	1174	-8	Redland	791	525	-9	Utd. Newspapers	614	436	-1
Cable & Wireless	2,400	465	-17	Inchcape	1,600	259	-4	Reed International	835	485	-6	Wellcome	1,700	475	+1
Cadbury Schweppes	1,800	342	-2	Jaguar	845	302	-5	Ratners 'B'	704	679	-1	Whitbread 'A'	1,900	355	-1
Carlton Comms.	973	866	-24	Kingfisher	929	272	-5	RTZ	975	535		Williams Hldgs.	1,300	367	-6
Commercial Union	1,700	377½	-4½	Ladbroke	1,000	535	-5	Rolls Royce	3,900	183	-6	Wimpey	1,000	280	-3
Cons. Gold Fields	1,100	1390	+5	Land Securities	191	565	-4	Rothmans	40	491	-6				

NEW HIGHS AND LOWS FOR 1989

NEW HIGHS (104).

BRITISH FUNDS (2) Treas. 3pc 1989, Treas. 2pc Il 1990, **AMERICANS (8) CANADIANS (1)** Central Cap., **BANKS (4) BREWERS (1)** Macallan-Glenlivet, **BUILDINGS (2)** Gleeson (M.J.), Polypipe, **CHEMICALS (2)** Akzo, Rechem Envmt. Servs., **STORES (3) ELECTRICALS (7) ENGINEERING (2)** Locker (T.), Robinson (Thos.), **FOODS (3) HOTELS (1)** Queens Moat, **INDUSTRIALS (24)** AIM, Alexandra Workwear, BAA, Bardon Grp., Barratt (Henry), BIMEC Inds., Crean (J.), Fitzwilton, Hartons, Jackson Bourne, Jardine Hldgs., Johnson Cleaners, Marling Inds., Nestor-BNA, Platignum, Porter Chadburn, Serco, Sothebys "A", Spring Ram, Toye, Trafalgar House, Wassall, Wilshaw, Wyndham Grp., **INSURANCE (2)** Amer. Gen. Corp., USLIFE, **LEISURE (2)** Castle Comms., Classic Th'breads, **MOTORS (1)** Volvo, **NEWSPAPERS (1)** Quarto Grp., **PAPERS (6) PROPERTY (6) SOUTH AFRICANS (1)** SASOL, **TRUSTS (9) OILS (8) OVERSEAS TRADERS (1)** Chillington Corp., **MINES (3) THIRD MARKET (4).**

NEW LOWS (100).

BRITISH FUNDS (38) INT.BANK & O'SEAS GOVT. STLG. ISSUES (4) FOREIGN BONDS (1) Hydro Quebec 15pc 2011, **CANADIANS (2)** Breakwater, Granges Expln., **BANKS (4) BREWERS (1)** Guinness, **BUILDINGS (2)** Carron Phoenix, Jennings, **STORES (6) ELECTRICALS (8) FOODS (3) INDUSTRIALS (16)** Bodycote Intl., Brit. Bloodstock, Delaney, Gleves Grp., Havelock Europa, Hewitt (J.), MY Hldgs., Mayne Nickless, Metal Closures, Reed Exec., Ricardo, Rockware, Stainless Metalcraft, Wade Potts., Walker Greenbank, Wills Grp., **INSURANCE (1)** PWS Hldgs., **LEISURE (2)** Prestwich, Trilion, **PAPERS (2)** Monotype Corp., Usher Walker, **PROPERTY (8) SHOES (1)** Headlam Sims, **TEXTILES (2)** Atkins Bros., Leeds Grp., **TRUSTS (9) OILS (1)** Bridge Oil, **MINES (2)** Metana Mins., Monarch Res., **THIRD MARKET (1)** Stains Hldgs.

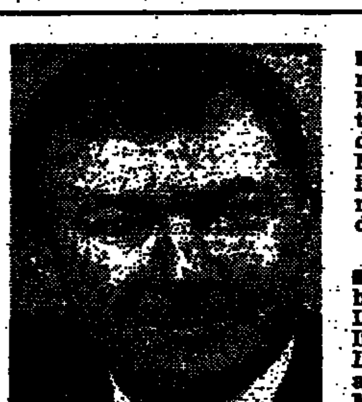
APPOINTMENTS

Restructure at Beazer

■ BEAZER group has brought its European housebuilding, construction and property activities together in one company - Beazer Ltd. Promotions and changes include: Mr Terry Upsall, formerly group managing director of Beazer Homes and Property, becomes chairman of the new company; vice chairman is his former managing director, Mr Bob Stephens. Finance director of the new company is Mr John Bennett, again previously with Homes and Property. All are on Beazer main board. Mr Dennis Webb, formerly chairman of the northern region housebuilding companies, becomes managing director of Beazer Homes, with Mr Steven Lidgate as deputy managing director, and Mr David Smith as finance director. Mr John Cadwallader, formerly of Beazer Special Projects, becomes chairman of Beazer Homes northern division.

■ Mr Jonathan Ewbank has joined the partnership of DENNIS MURPHY, CAMPBELL & CO.

■ Mr Tom Beddoes, technical director of Racal-Vodafone, has been elected chairman of the MoU group of European telecommunications authorities which is working towards the introduction of the pan-European digital cellular telephone network. This is the first time the post has been held by someone who is not a representative of a state-controlled PTT.



WIGGINS TEAPE has appointed Mr Tony Johnston *(above)* as chief executive, carbonless papers operations. He succeeds Mr Gordon Bond who has been appointed chairman and chief executive officer of Appleton Papers Inc, Wiggins Teape's sister company in the US. Both are subsidiaries of B.A.T. Industries.

■ GRAND METROPOLITAN has appointed Mr Gary L. Langstaff as executive vice president of marketing of subsidiary Burger King Corporation, Miami. He held a similar post at Imasco, a fast-food subsidiary of Hardee's.

■ Mr Tim Chapman, training manager for Midland UK banking, has been appointed to the new post of training development director for MIDLAND GROUP. This will include responsibility for the new group training development centre in London.

■ Mr Jonathan Marland has been appointed a director of LLOYD THOMPSON GROUP. Its sole operating company, Lloyd Thompson, has appointed Mr A.S. Barnes and Mr N.J. Peck as directors and Mr S.K. Laycock as an associate director.

■ Mr Bob McDonnell, managing director of WILLMOTT DIXON MAINTENANCE's eastern operation; has been appointed operations director of the company, part of Willmott Dixon Holdings. He is succeeded in the eastern region by Mr Malcolm Robinson, who joins from Initial Property Maintenance where he was a regional manager.

■ BANQUE INTERNATIONALE ALUXEMBOURG has appointed Mr Robert Halcrow as senior manager of the London branch. He will be responsible for syndications and business development. He was head of Euro-currency lending and syndications at Saudi International Bank.

■ Mr Neil McArthur, chairman of Thurnall Engineering, Manchester, has been appointed to the DTI advisory panel on de-regulation. The panel advises Lord Young, the Trade & Industry Secretary, on the impact of "red tape" on business and enterprise.

■ BICC NETWORK SYSTEMS has appointed Mr Dave Parry as finance director, and Mr Tony Bowden as sales and marketing director.

Mr Anthony Harris, *(above)* group financial director of THE ALEXANDRA GROUP, becomes commercial director on April 12. Mr Julian Budd succeeds him as group finance director. Mr David Dunn, group chief executive of Stormgard, joins the group as a non-executive director on April 12.

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AUTHORISED UNIT TRUSTS

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Abbey Unit Tst Mngrs (1200)H						
80 Holdenhurst Rd, Bournemouth 0345 717373						
High Income						
American Income	6	47 61	48.07	51.13	+0 06	5.36
Gilts & Fixed Int	6	111.40	111.40xd	118.30	-0.3	8.45
High Inc Equity	6	125.80	131.80xd	140.2	-0 4	4.53
Worldwide Bond	6	187.80	187.80xd	199.00	-0.3	4.87
Capital Growth						
American Growth	6	160.90	163 00	173.30	+0 6	1.67
Asian Pacific	6	86 66	88.52	94.16	+0 19	.910
Assets & Earnings	6	158.30	158.30	169.40	+0.3	2.20
Capital Reserve Acc	0	84 05	84 05xd	84.10	-0 1	4.76
Comdty & Energy	6	95.52	95 52xd	102.20	-2.6	0.00
1992 Enterprise	6	54 690	58 74	59.29	-0 12	3 04
European Capital	6	79.39	79.75	85 05	-0.23	890
General	6	171.10	171.10xd	183 00	-1 0	2.46
Japan	6	106 10	108.00	114 80	-2.2	0.00
Mastertrust	6	80.58	80.58	86.19	-0.29	2 87
UK Growth Acc	6	198.00	206 50	219 60	+0.3	1.28
UK Growth Dist	6	132.00	137 80xd	146.50	+0.3	1.92
US Emerging Cos	6	47 05	48 82	51.93	-0.16	0 00
Income & Growth	6	285 70	292.00	310.60	-0.9	3.30
Ethical	6	48.47	49 61	52.77	-0 08	2.37
Abtrust Management Ltd (1000)H						
10 Queens Terrace, Aberdeen AB9 1QJ 0800 833580						
Amer Inc & Growth	5	26 80	26 80xd	28.61	-0 04	4 34
European	5¼	57.04	57.04	60.89	+0.24	0 00
European Income	5¼	55 72	55 72xd	59.39	+0.01	1.39
Exempt	1	782.8	782.8xd	817 0	-1.30	3 49
Extra Income	5	42.15	42.15xd	44.99	-0.11	4 41

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Barrage Unit Tst Mangmt Ltd (0905)F						
117 Fenchurch St, London EC3M 5AL 01-480 7216						
Stc Dtd Gilt & FI	1¼	52.47	52.47xd	53.22	+0.02	1.37
CCL Unit Trusts Ltd (1400)F						
74 Shepherds Bush Green, W12 8SD 01-740 7070						
UK General Tst	5½	53 05	53.91	57 66	-0 22	2.70
Global Tst	5½	41.08	41 23	44 1	-0.26	2.30
Recovery Tst	5½	54 84	54.84xd	60.76	-0.22	2.61
CIBC Unit Tst Managers plc (1200)H						
Cottons Ctr, Cottons Lane, Ldn. SE1 2QL 01 234 6000						
Growth Fd Acc	5	104.9	106.2	112.0	-0.9	3.72
CS Fund Managers Limited (1000)H						
125 High Holborn, London WC1V 6PY 01-242 1148						
CS America	5	53.84	53.84xd	57.27	+0.22	0.71
CS International	5	53.83	53 83	57.26	-0 03	1.99
CS Japan	5	121.2	121.2	128 9	-1 9	0.32
CS Portfolio Inv ♦	5	70 05	70 05xd	74 52	-0 42	1.70
Canada Life Unit Tst Mgrs Ltd (1200)F						
2-6 High St, Potters Bar, Herts 0707 51122						
Can Gen Dist	5	136.0	141 0	148.4	-0.80	3.12
Do Gen Accum	5	226 7	235.2	247.5	-1.50	3.12
Do Income Dist	5	94 16	98.00	103 2	-0.30	5.46
Do Inc Accum	5	211.6	220.2	231 8	-0 80	5.46
Gilt & Fxd Int	5	36 21	36.24	38.15	-0.18	8.41
Cannon Fund Managers Ltd (0700)H						
1 Olympic Way, Wembley, HA9 0NB 01-902 8876. Dealing: 0800 282621						
Growth	5½	37 36	37.36	39 93	-0.32	2.94
Income	5½	46.97	47.08	50.36	-0.39	4.09
Far East ♦	5½	34 64	35.29xd	37.55	-0.24	0 17
North American ♦	5½	29 41	29 41xd	31.45	-0.36	0.70
Global ♦	5½	48 04	49 93xd	52 05	-0.33	0 66
European	5½	48 09	48.83xd	51 95	+0.33	1.03
Japan ♦	5½	99.24	101 0	107.5	-1.40	0.02
Intl Currency Bd	5½	41.30	41.30xd	43.80	+0.02	6 00

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Smith & Williamson Unit Tst Mgrs (1600)F						
1 Riding House St, London W1A 3AS 01-637 5377						
S & W American	5	145 7	147 4	156.0	-2 0	1.46
S & W Far Eastern	5	90.16	90 71	96 4	-0.90	0 86
S & W Growth	5	91 70	93 04	98.50	-0.65	2.98
S & W Income	5	97 22	99 42	105.6	-0 55	5.14
S & W Smllr Secs	5	250.9	261 9	277.1	-1.1	1.13

GUIDE TO UNIT TRUST PRICING

INITIAL CHARGES
These represent the marketing, administrative and other costs which have to be paid by new purchasers. These charges are included in the price when the customer buys units.

OFFER PRICE
The price at which units may be bought.

BID PRICE
The price at which units may be sold.

CANCELLATION PRICE
The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, unit trust managers quote a much narrower spread. As a result, the bid price is often set well above the minimum permissible price which is called the cancellation price in the table. However the bid price might be moved to the cancellation price in circumstances in which there is a large excess of sellers of units over buyers.

TIME
The time shown alongside the fund manager's name is the time at which the unit trusts' daily dealing prices are normally set unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: ♥ - 0001 to 1100 hours; ♦ - 1101 to 1400 hours; ♠ - 1401 to 1700 hours; ♣ - 1701 to midnight.

HISTORIC PRICING
The letter H denotes that the managers will deal on a historic price basis. This means that investors can obtain a firm quotation at the time of dealing. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis.

FORWARD PRICING
The letter F denotes that prices are set on a forward basis so that investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper show the prices at which deals were carried out yesterday.

Other explanatory notes contained in last column of the FT Unit Trust Information pages.

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	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or −	Yield Gr's
Windsor Trust Mngrs Ltd (1200)F						
83 Kingsway, London, WC2B 6SD 01-405 8331						
Convtbl & Equity	5	63.52	66.27	70.50	-0.03	5.65
European	5	60.79	61.32	65.23	+0.36	0.24
Far Eastern	5	56.45	56.51	60.12	-0.27	0.99
Growth Inc	5	88.40	91.68xd	97.53	-0.48	1.48
Growth Acc	5	88.40	91.68xd	97.53	-0.48	1.48
Income Inc	5	81.43	83.31	88.63	-0.26	3.61
Income Acc	5	81.43	83.31	88.63	-0.26	3.61
Property Share	5	55.51	55.51	59.15	-0.06	1.12
Smaller Co's	5	62.83	62.83	66.83	—	1.46
Formerly RBC Trust Managers Ltd						
Nth American	5	54.63	54.63	58.42	—	1.86
International	5	43.69	43.69	46.71	—	1.52
Wright Seligman Fund Mngrs Ltd (1000)H						
21 Blomfield St, London EC2M 7AY 01-588 0592						
Growth	5	94.88	94.88	99.88	—	1.92
Weekly dealing day Tuesday						
The Yorkshire Unit Tst Mngrs Ltd (1100)F						
Woodsome Pk, Fenay Bdge, Huddersfield 0484 602250						
Yorkshire General	5¼	61.71	64.07	68.16	-0.19	3.01
YUTM UK Eq Inc Tst	5¼	59.58	61.69xd	65.58	-0.39	4.65
YUTM Intl Gwth Tst	5¼	46.91	46.91xd	50.07	+0.09	2.09

OTHER UK UNIT TRUSTS

	Bid Price	Offer Price	+ or −	Yield Gr's
Baillie Gifford & Co Ltd				
Int I Exmt Feb 15	428.8	445.3	—	—
Cent. Bd. of Fin. of Church of England‡‡				
2 Fore Street, London EC2Y 5AQ 01-588 1815				
Inv Fund Mar 31		498.00	—	4.76
Fxd Int Sec Mar 31		142.20	—	10.06
Deposit Mar 31		100.00	—	12.56
Charities Official Invest. Fund‡‡				
2 Fore Street, London EC2Y 5AQ 01-588 1815				
Income Mar 31		472.94	—	5.05
Accum Mar 31		1541.14	—	—
Edinburgh Fund Mngrs PLC				
Exempt Funds				
American Apr 5	125.3	128.7	+3.6	1.75
Managed Apr 5	127.6	132.4	-0.1	2.17
Japan Apr 6	139.7	143.5	+3.2	0.10
Pacific Apr 7	426.5	438.2	+3.5	0.2
Sm Jap Cos Apr 7	259.2	266.3	-4.5	0.10
Fidelity Investment Services Ltd				
Mngd Pens P'folio	115.5	118.6	-0.80	1.60

	Bid Price	Offer Price	+ or −	Yield Gross
Allied Dunbar Assurance Plc				
Allied Dunbar Ctr, Swindon SN1 1EL 0793 514514				
Fixed Int. Dep. Acc	257.2	270.8	—	—
Equity Acc	824.6	868.0	-0.5	—
Property Acc	485.6	511.2	+0.1	—
Far East Acc	196.3	206.7	+0.7	—
European Acc	21.1	22.3	+0.1	—
Managed Acc	651.8	686.2	-0.3	—
Managed Cap	370.9	390.5	-0.2	—
O'seas Earnings Acc	549.9	578.9	—	—
Gilt Edged Acc	312.2	328.7	-1.8	—
American Equity Acc	413.6	435.4	+2.7	—
American Man. Acc	192.8	203.0	+1.1	—
American Prop Acc	138.8	146.2	-0.1	—
Pen. F.I. Dep. Cap	283.1	298.1	+0.1	—
Pen. F.I. Dep. Acc	481.9	507.3	+0.1	—
Pen. Prop. Cap	569.2	599.2	-0.1	—
Pen. Prop. Acc	1069.7	1126.0	—	—
Pen. Man. Cap	795.5	837.4	-1.6	—
Pen. Man. Acc	1494.3	1573.0	-3.0	—
Pen. Gilt Edg. Cap	313.2	329.7	-0.8	—
Pen. Gilt Edg. Acc	480.7	506.1	-1.1	—
Pen. Eq. Cap	1301.7	1370.3	-3.1	—
Pen. Eq. Acc	1853.3	1950.9	-4.4	—
Pen. Am. Eq Cap	131.1	138.1	+0.3	—
Pen. Am. Eq Acc	157.3	165.6	+0.3	—
Pen. Far East Cap	233.0	245.3	-2.4	—
Pen. Far East Acc	279.6	294.4	-2.8	—
Pen. Euro Cap	23.7	25.0	—	—
Pen. Euro. Acc	25.6	27.0	—	—
Pen. B.S. Acc	526.3	552.7	+0.2	—
Pen. B.S. Cap	317.9	353.8	+0.1	—
Pen. D.A.F. Acc	369.2	389.2	+0.2	—
Pen. D.A.F. Cap	250.3	250.3	+0.1	—
Pen. Mortgage Cap	142.2	149.7	+0.1	—
Pen. Mortgage Acc	170.6	179.6	+0.1	—
Baring Funds				
Pen Equ Cap	27.0	28.5	-0.1	—
Pen Equ Acc	27.9	29.4	-0.1	—
Pen Am Eq Cap	28.6	30.2	+0.1	—
Pen Am Eq Acc	29.6	31.2	—	—
Pen Far East Cap	29.4	31.0	-0.1	—
Pen Far East Acc	30.4	32.0	-0.2	—
Pen Euro Cap	32.3	34.1	+0.1	—
Pen Euro Acc	33.5	35.3	+0.1	—
James Capel Funds				
Pen Equ Cap	28.3	29.8	—	—
Pen Equ Acc	29.2	30.8	-0.1	—
Pen Am Eq Cap	28.6	30.2	—	—
Pen Am Eq Acc	29.7	31.3	—	—
Pen Far East Cap	29.2	30.8	—	—
Pen Far East Acc	30.2	31.8	—	—
Pen Euro Cap	29.2	30.8	+0.2	—
Pen Euro Acc	30.3	31.9	+0.2	—

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Pioneer Mutual Insurance Co Ltd
16 Crosby Rd, N. Waterloo, Liverpool 051-928 6655

	Bid Price	Offer Price	+ or -	Yield Gross
Managed Fund	293 4	308 9		–
Man Pens Inc & Cap Fds	384.9	405 2		–
Money Fund	118.2	124 5		–
Pens Mngd Fd (Init)	102.0	107 4		–
Pens Mngd Fd (Acc)	122.3	128 8		–
Pens FT30 Fd (Init)	142.6	150 2		–
Pens FT30 Fd (Acc)	170 9	179 9		–
Pens O'seas Mg Fd (Init)	71 7	75.5		–
Pens O'seas Mg Fd (Acc)	86 0	90 6		–
Pens Fxd Int Fd (Init)	104 4	109 9		–
Pens Fxd Int Fd (Acc)	125.2	131 8		–
Pens Deposit Fd (Init)	104.1	109 6		–
Pens Deposit Fd (Acc)	124.7	131.3		–

Premium Life Assurance Co Ltd
37-39, Perrymount Road, Haywards Heath 0444 458721

	Bid Price	Offer Price	+ or -	Yield Gross
American	110 0	116 0		–
Building Soc. Fd	169 0	178 0		–
Balanced	274 0	289 0		–
European	158 0	167 0		–
GT Managed	176 0	186 0	-1 0	–
Gartmore Mngd	112 0	118 0		–
German	106 0	112 0		–
Gilt	175 0	185 0		–
Global	48 0	51.0		–
High Inc.	117 0	124 0		–
International Equity	182 0	192 0		–
Japan	240 0	253 0	-1 0	–
Managed	63 0	67 0		–
Property	276 0	291 0		–
R W Imperial Gold	132 0	139 0		–
UK Equity	369 0	389 0		–
Pension Funds				
American	138 0	146 0		–
Building Soc Fd	167 0	176 0		–
Balanced	212 0	224 0		–
European	156 0	165.0		–
German	95 0	100 0		–
Gilt	149 0	157.0		–
International Equity	134 0	142.0		–
Japan	136 0	144 0		–
Managed	63 0	67 0	+1 0	–
Property	213 0	225 0		–
UK Equity	331 0	349 0	+2.0	–

Prudential Holborn Pensions Ltd
30 Old Burlington St, London W1X 1LB 01-439 3134

	Bid Price	Offer Price	+ or -	Yield Gross
Managed	536.2	564 5	-2.3	–
Equity	776 0	816.9	-5 1	–
Global Equity	220.3	231 9	-0 3	–
Fixed Interest	396.8	417 7	-1.2	–
Property	379 5	399.5	+0 4	–
Cash	153.0	161 1	+0 1	–
Index Linked Gilt	194 8	205 1	+0.2	–
Guaranteed	12.06			–
International Money	197 2	207 6	+0.0	–
North American	60 5	63 7	-0 0	–
Japanese	134 1	141 2	-1.0	–
European	83 6	88.0	+0.5	–
Special Situations	113 2	119.2	-0.3	–
Communications	95 6	100 7	-0 0	–
Smaller Companies	106 9	112.6	-0 3	–
International Small Cos	117 1	123.3	+0 2	–

Prudential Pensions Limited
Holborn Bars, London EC1N 2NH 01-405 9222

	Bid Price	Offer Price	+ or -	Yield Gross
Discretionary Mar 29	£148 94	154 09	+0 94	–
Equity Mar 29	£164 06	170 08	+1 01	–
International Mar 29	£23 87	24 59	+0.32	–
Intl Bond Mar 29	£11 41	11 57	+0 19	–
Fixed Int Mar 29	£71.51	72 47	-0.26	–
Index Linked Mar 29	£60 42	61 16	-0 38	–
Property Mar 29	£106.30	112 70	+0 17	–
Cash Mar 29	£20 4200	20 4200	+0 0494	–
Pru-Linked Retirement Plan				
Managed Apr 5	370 2	385.7		–
Cash Apr 5	191 9	199 9		–
Prudential Pensions Investment Account				
Pens Mngd Apr 5	151.2	159.2	-0 5	–
Pens UK Eq Apr 5	292.2	307 6	-2.9	–
Pens Intl Apr 5	173 4	182 6	-0 2	–
Pens Fixed Apr 5	163.5	172 2	-0.7	–
Pens Index Lk Apr 5	154 1	162.3	+0 0	–
Pens Cash Apr 5	125.5	132.2	+0.3	–

Regency Life Assurance Co Ltd
Regency Hse, Lanark Sq, London E14 9XS 01-538 8800

	Bid Price	Offer Price	+ or -	Yield Gross
Aggressive Pf/lio Fd	116 0	122.0	+1.0	–
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Prolific Life & Pensions Ltd

Property Equity & Life Ass. Co

Property Growth Assur Co Ltd

Providence Capital Life Ass. Co Ltd

Provident Life Assoc Ltd

Provident Mutual Life Ass. Assn.

Prudential Assurance Co

Prudential Holborn Life Ltd

Reliance Mutual

Royal Heritage Life Assurance Ltd

Royal Life Insurance Ltd

Royal Liver Assurance

Save & Prosper Group

Scottish Amicable

Scottish Equitable Life Assce. Soc.

Scottish Life Investments

Scottish Mutual Assurance Society

Scottish Mutual Investments

Scottish Provident Institution

Scottish Widows' Group

Shield Assurance Ltd

Skandia Life Assurance Co Ltd

Standard Life Assurance Company

Sun Alliance Insurance Group

Sun Life of Canada (UK) Ltd

Sun Life Unit Assurance Ltd

Swiss Life Pensions Ltd

TSB Life Ltd

Target Life Assurance Co Ltd

Teachers' Assurance Company Ltd

Tunbridge Wells Equitable

UK Life Assurance Co Ltd

Wesleyan & General Assurance Soc

Windsor Life Assur Co Ltd

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

GUERNSEY (SIB RECOGNISED)

JERSEY (SIB RECOGNISED)

IoM (SIB RECOGNISED)

LUXEMBOURG (SIB RECOGNISED)

SWITZERLAND (SIB RECOGNISED)

BERMUDA AUTHORISED

GUERNSEY (**)

JERSEY (**)

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1989 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
99⅞	99⅛	Treas 9½pc Cnv 1989	99⅞	.....	–	–
99⅛	97⅜	Treas 3pc 1989	99⅛	+⅛	3.02	9.07
99⅝	99⅛	Treas 10½pc 1989	99⅝	.....	10.54	12.40
99¼	98⅞	Exch. 10pc 1989	99¼	+⅛	10.08	12.46
99⅞	99⅛	Exch 11pc 1989	99¼	.....	11.08	12.46
97⅜	95⅝	Treas 5pc 1986-89	97⅛xd	.....	5.14	10.49
99½	99¼	Exch 10¼pcCv '89	99¼	.....	10.31	11.14
101⅜	100⅞	Treas 13pc 1990‡‡	100¾	.....	12.91	11.94
99⅞	99	Exch 11pc 1990‡‡	99¼	.....	11.09	11.95
101¼	100¾	Exch. 12½pc 1990	100⅞	.....	12.45	11.98
93¼	91⅝	Treas. 3pc 1990	93⅛xd	.....	3.22	9.71
96⅞	95⅝	Treas 8¼pc 1987-90‡‡	96⅛	+⅛	8.58	11.82
98⅞	96⅞	Treas. 8pc Cv 1990 ‡‡	96⅝	+⅛	8.29	11.05
98⅞	97⅞	Treas. 10pcCv 1990	97⅞xd	−⅛	10.25	11.65
90	87⅞	Exch 2½pc 1990	89⅞	−⅛	2.79	9.55
101⅞	100⅛	Treas 11¾pc 1991	100¼	−⅛	11.72	11.55
91⅝	89⅝	Funding 5¾pc '87-91‡‡	91⅛xd	.....	6.28	10.59
88½	86⅞	Treas. 3pc 1991	87⅞xd	+⅛	3.42	9.59
100⅝	97½	Treas 10pc Cv '91 ‡‡	97⅞	−⅛	10.25	11.25
101¼	99¼	Exch. 11pc 1991	99⅛xd	−⅛	11.07	11.31
94⅝	92⅛	Treas. 8pc 1991	92⅞	.....	8.64	11.26
106⅞	104⅞	Treas 12¾pc 1992‡‡	104⅛	.....	12.23	10.94
99½	97¼	Treas 10pc 1992	97½	.....	10.25	11.02
94⅝	91⅞	Treas. 8pc 1992 ‡‡	92⅞xd	.....	8.65	10.99
100⅝	98⅝	Treas 10½pc Cv 1992‡‡	98⅞xd	−⅛	10.63	10.96
85⅝	82¼	Treas. 3pc 1992	83⅝	.....	3.59	9.01
105⅞	103⅞	Exch. 12¼pc '92	103⅞	+⅛	11.83	10.97
109⅝	107¼	Exch 13½pc 1992	107¼	+⅛	12.59	10.90
94⅝	92	Treas 8¼pc 1993	92⅛	−⅛	8.96	10.79
100⅝	97⅞	Treas 10pc 1993‡‡	97⅞xd	.....	10.21	10.64
108⅝	105⅞	Treas 12½pc 1993‡‡	106	+⅛	11.79	10.69
87⅝	85⅛	Funding 6pc 1993‡‡	85⅝	−⅛	6.94	9.83
113¼	110⅞	Treas 13¾pc 1993‡‡	110⅞	.....	12.39	10.66
94⅝	91⅞	Treas. 8½pc 1994	92⅛	−⅛	9.23	10.63
117⅞	114⅞	Treas 14½pc 1994‡‡	115	.....	12.60	10.46

Five to Fifteen Years

1989 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
113⅞	110⅞	Exch 13½pc 1994	110⅞xd	+⅛	12.18	10.67
100⅝	97⅞	Treas. 10pc Ln. 1994‡‡	98⅛	+⅛	10.19	10.48
110¼	107⅛	Exch. 12½pc 1994	107½	+⅛	11.63	10.64
96⅞	93⅞	Treas 9pc 1994‡‡	94⅛	+⅛	9.57	10.42
108⅞	105⅞	Treas 12pc 1995	105⅝	+⅛	11.34	10.61
79⅝	75¼	Exch 3pc Gas 90-95	75¼xd	−⅛	3.99	8.27
101⅞	98⅞	Exch. 10¼pc 1995	98⅞	+⅛	10.37	10.49
113⅞	110⅞	Treas 12¾pc 1995‡‡	110⅞	+⅛	11.52	10.47
119⅞	115⅝	Treas. 14pc '96	116⅞	.....	12.05	10.59
97½	93⅛	Treas. 9pc 1992-96‡‡	94⅞	+⅛	9.49	10.04
126⅞	122⅞	Treas 15¼pc 1996‡‡	123⅛xd	.....	12.38	10.52
117⅞	113⅛	Exch 13¼pc 1996‡‡	113½	.....	11.66	10.48
101⅞	97⅞	Conversion 10pc 1996	98⅛	.....	10.20	10.37
118½	114⅛	Treas 13¼pc 1997‡‡	114⅞	−⅛	11.56	10.45
104⅞	100⅞	Exch 10½pc 1997	100⅞	+⅛	10.40	10.32
95⅞	91⅝	Treas 8¾pc 1997‡‡	92⅛	+⅛	9.49	10.14
128¼	124⅞	Exch 15pc 1997	124⅞xd	−⅛	12.04	10.56
100⅞	96⅞	Exch. 9¾pc 1998	97¼	.....	10.02	10.22
84⅞	81⅞	Treas 6¾pc 1995-98‡‡	81⅞xd	.....	8.25	9.82
134⅞	129⅞	Treas. 15½pc '98‡‡	130⅛	−⅛	11.91	10.41
113⅞	109⅞	Exch. 12pc 1998	109⅞	−⅛	10.91	10.33
100¼	96⅝	Treas 9½pc 1999‡‡	96⅞	−⅛	9.80	9.99
115⅞	111⅞	Exch. 12¼pc 1999	111⅞	−⅛	10.94	10.29
105⅝	101½	Treas. 10½pc 1999	101⅞	−⅛	10.30	10.19
104⅞	99⅞	Conversion 10¼pc 1999	100⅛	−⅛	10.21	10.18
94⅞	90⅞	Treas. 8½pc Ln 2000‡‡	90⅝	−⅛	9.38	9.93
97⅞	93⅞	Conversion 9pc 2000‡‡	93⅞	−⅛	9.60	9.94
122⅞	117⅞	Treas. 13pc 2000	117⅞	−⅛	11.05	10.31
103⅝	99⅝	Treas 10pc 2001	99⅝	−⅛	10.02	10.02
124⅞	119⅞	Treas. 14pc '98-01	120⅛	−⅛	11.66	10.51
102⅞	97⅞	Conversion 9¾pc 2001	98⅛	−⅛	9.90	9.96
113⅞	109⅞	Exch. 12pc '99-02	109⅝	.....	10.92	10.35
104⅞	100⅞	Conversion 10pc 2002	100¾xd	−⅛	9.93	9.89
102⅞	98⅝	Treas 9¾pc 2002	99⅛	−⅛	9.83	9.86
97⅞	93⅝	Exch. 9pc 2002	94⅛	−⅛	9.56	9.78
126⅞	122	Treas. 13¾pc 2000-03	122⅛	−⅛	11.24	10.34
105⅝	101⅞	Treas 10pc 2003	101⅞	−⅛	9.84	9.78
113⅞	108⅞	Treas. 11½pc 2001-04	109⅛	−⅛	10.55	10.17

Over Fifteen Years

1989 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
106⅞	102⅛	Treas. 10pc 2004	102⅛	−⅛	9.77	9.70
59⅝	57⅛	Funding 3½pc '99-04	57⅛	−⅛	6.02	8.41
102⅞	98⅝	Conversion 9½pc 2004	99xd	−⅛	9.59	9.62
103⅞	98⅞	Conversion 9½pc 2005	99¼xd	−⅛	9.58	9.59
111⅝	107¼	Exch. 10½pc 2005	107⅞	−⅛	9.76	9.57
125⅛	120	Treas. 12½pc 2003-05	120⅛	−⅛	10.38	9.84
90⅞	86⅞	Treas. 8pc 2002-06‡‡	87⅛xd	−⅛	9.16	9.50
105⅞	101⅛	Conversion 9¾pc 2006	102⅛	−⅛	9.54	9.49
118⅞	114	Treas. 11¾pc 2003-07	114⅛	−⅛	10.28	9.82
96⅞	92⅛	Treas 8½pc 2007 ‡‡	92⅛	−⅛	9.18	9.35
134⅝	128⅝	Treas. 13½pc '04-08	129⅛	−⅛	10.46	9.75
101⅞	96⅞	Treas. 9pc 2008 ‡‡	97¼xd	−⅛	9.27	9.32
92⅞	88¼	Treas 8pc 2009	88⅛	−⅛	9.04	9.26
102⅞	97⅞	Conv 9pc Ln 2011 ‡‡	98¼	−⅛	9.17	9.19
68⅞	65⅞	Treas. 5½pc 2008-12‡‡	65⅞	−⅛	8.35	9.02
89⅝	86⅞	Treas. 7¾pc 2012-15‡‡	86½	−⅛	8.96	9.12
132⅞	127	Exch. 12pc '13-'17	127⅛	−⅛	9.42	9.17

BRITISH FUNDS—Contd

Undated

Index-Linked

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base month for indexing, (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for July 1988: 106.7 and for February 1989: 111.8

INT. BANK AND O'SEAS

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

FOREIGN BONDS & RAILS

AMERICANS

Stock	Price £	+ or −	Div Gross	C'vr	Y'ld Gr's
Chase Manhattan $12½	22	−⅛	$2.36	–	6.3
Chem. Banking Corpn.	28⅛	−⅛	$2.72	–	7.7
Chrysler $6¼	14⅞xd	−⅛	$1.20	–	4.9
Citicorp $1	17¼xd	−⅛	$1.48	–	5.0
CityFed Fin. Corp.	176xd	−1	4c	–	1.3
Colgate-Palmolive $1	28⅞xd	+⅛	s$1.48	–	3.1
Coes Freightwys 62½c.	18⅞	+⅛	98c	–	3.1
Cont'l Bank Corp $4	12⅛	+⅛	8c	–	0.4
♦Corporate Data Scnce.	335p	.....	–	–	–
Cullinet Sftwr 1c.	309p	+14	–	–	–
Dana Corp. $1	22⅛	−⅛	$1.60	–	4.1
Data General	875p	+21	–	–	–
Dun & Bradstreet $1	30⅞	+⅛	$1.74	–	3.3
Eaton Corpn. 50c.	33½xd	+⅛	h$2.00	–	3.5
Ecnlin Inc.	9⅛xd	.....	70c	–	4.4
FPL Group 1c.	17¼xd	.....	$2.20	–	7.4
Ford Motor $1	28	−⅛	$3.00	–	6.3
GATX 62½c.	34⅛	+⅛	$2.00	–	3.4
Gen. Elect. 63c.	26½xd	.....	$1.64	–	3.6
♦General Host Corp $1.	522p	−8	28c	–	3.1
Gillette $1	20⅞	−⅛	96c	–	2.7
Gt. Am First Svgs Bk $1.	691p	−23	60c	–	5.1
Greyhound $1½	18⅞	+⅛	$1.32	–	4.1
Hasbro Inc 50c.	10½	.....	16c	–	0.9
Home Group $1	8½xd	+⅛	20c	–	1.4
Honeywell $1½	41⅛	+1⅛	$2.10	–	3.0
Houston Inds.‖	16⅛	.....	$2.96	–	10.6
IBM Corpn $1¼	63⅛	+⅛	$4.40	–	4.1
♦Image Storage/R.Sys.1c	45p	.....	–	–	–
Ingersoll-Rand $2	22⅛xd	+⅛	$1.04	–	2.7
Lockheed Crpn. $1	27⅞xd	−⅛	$1.60	–	3.4
Lone Star Inds $1	17⅛xd	−⅛	$1.90	–	6.3
Louisiana Land 15c.	20⅛xd	+⅛	$1.00	–	2.9
Lowe's 50c.	13⅞	−⅛	48c	–	2.1
Manuf Hanover $1	21⅞	+⅛	$3.28	–	9.0
Merrill Lynch $1	16¼	.....	$1.00	–	3.6
Molex Inc	1986p	−1	3.2c	–	–
Morgan (JP) $2½	22⅞xd	−⅛	$1.66	–	4.2
NYNEX $1	42⅛	+⅛	$4.04	–	5.6
PHH Corp ‖	19½xd	−⅛	$1.12	–	3.4
♦Pacific Agr.‖	229p	.....	–	–	–
Pacificorp $3¼	20⅛	−⅛	$2.64	–	7.4
Pacific Telesis 10c.	20⅝	+⅛	$1.76	–	5.0
Pall Corp 25c.	16⅞	+⅛	48c	–	1.7
Pennzoil 83 1/3c.	50⅛	+1	$3.00	–	3.5
Premark Intl	19⅛	+⅛	60c	–	1.8
Quaker Oats $5.	31⅞xd	+⅛	$1.20	–	2.2
Rep NY Corpn $5	26⅛	+⅛	$1.20	–	2.7
Rockwell Intl. $1	12⅞xd	−⅛	72c	–	3.3
Southwestern Bell $1	26	−⅛	$2.48	–	5.6
Sun Co. Inc. $1	22⅛	+1½	$1.80	–	4.7
TRW Inc. 62½c.	26⅛	−⅛	$1.72	–	3.8
TW Services $5	18⅞	−⅛	10c	–	0.3
Tenneco $5	29⅛	−⅛	$3.04	–	6.0
Texaco $6.25	31½xd	+⅛	♦$3.00	–	5.6
Texas Instr. $1	22⅞xd	−⅛	72c	–	1.8
Time Inc. $1	66⅛	−⅛	$1.00	–	0.9
TRINOVA Corp.	15⅞xd	−⅛	64c	–	2.4
USX $1	19⅞	−⅛	$1.40	–	4.2
♦Tuilab	166p	.....	–	–	–
Utd. Technologies	27⅛	.....	$1.60	–	3.4
♦Utilitech Inc.	140p	.....	–	–	–
US West‖	37	+⅛	$3.76	–	–
Waste Management $1	27¼xd	+½	48c	–	1.0
Whirlpool $1	15⅞	−⅛	$1.10	–	4.1
Whitman Corp.	18½xd	−⅛	96c	–	3.0
♦Woolworth $3½	29¼	−⅛	$1.64	–	3.3

Continued on next page

OTHER OFFSHORE FUNDS

ISLE OF MAN (**)

LUXEMBOURG (**)

OFFSHORE INSURANCES

Money Market Trust Funds

Aitken Hume
30 City Road, EC1Y 2AY. 01-638 6070

Bank of Ireland High Interest Cheque Acc
36 Queen St, EC4R 1BN. 01-625 7000

Money Market Bank Accounts

UNIT TRUST NOTES

LONDON SHARE SERVICE

CANADIANS

1989 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
157p	130p	♥ABM Gold Corp ‖	135p	–1	–	–	–
18¼p	4½p	♥Abbot Energy Corp.	18¼p	.....	–	–	–
13¼	902p	♥Amer Barrick Res.	12½	.....	–	–	–
3¼p	2⅞p	♥Amer. Lightwave ‖	2½p	.....	–	–	–
19½p	12¼p	♥Armeno.	16p	+1	–	–	–
109p	94p	♥Asiamerica ‖	108p	.....	–	–	–
33¼p	23p	♥Augmitto Explo.	24p	+½	–	–	–
14⅝	12⅞	Bk. Montreal ‖	14	–⅛	$2.12	–	7.3
762p	655p	Bk. Nova Scot. ‖	714p	+3	84c	–	5.7
18¾	17	BCE ‖	18¾	–⅛	$2.44	–	6.4
768p	570p	♥Bow Valley ‖	764p	+3	♦40c	–	2.5
14¼	12⅛	♥Brascan ‖	13¼	+⅛	88c	–	3.2
228p	180p	♥Breakwater Res.	180p	–3	10c	–	2.7
13⅝	11¼	Can Imp Bank ‖	12⅞	–1⁄16	$1.16	–	4.3
12¼	997p	Can. Pacific ‖	11⅛xd	.....	76c	–	3.2
38½	38½	Do. 4pc Deb £100.	38½	.....	4%	–	10.4
511p	374p	Central Capital "A" ‖.	511p	+16	–	–	–
448p	340p	♥Corona Corp	407p	–7	–	–	–
373p	228p	♥Cons TVX Min.	339p	+5	–	–	–
48½p	19½p	♥Danbus Mem. Syst. ‖	24½p	+½	–	–	–
633p	524p	♥Dertan Inds. ‖	604p	–2	11.75c	–	0.9
953p	751p	♥Echo Bay Mines	862p	–10	$0.07	–	0.4
572p	370p	♥ECD Corp ‖	437p	–8	–	–	–
16¼p	9½p	♥Energex Minerals ‖	10½p	.....	–	–	–
234p	203p	♥Galactic Resources.	224p	–2	–	–	–
330p	243p	Gandalf Techs. Inc.	261p	–8	–	–	–
54½p	34p	♥Geodome Res.	34½p	.....	–	–	–
183p	140p	Granges Explo ‖	148p	–8	–	–	–
27½p	6p	♥Gt Pacific Res.	17¼p	+1¼	–	–	–
779p	651p	♥Gulf Canada ‖	733p	+3	52c	–	3.4
12⅞	10¼	♥Hawker Sid Can ‖	12⅛	–⅛	$1.08	–	4.2
536p	348p	♥Henlys Group	493p	–14	–	–	–
13⅝	11⅝	♥Hudson's Bay ‖	13	–⅛	60c	–	2.2
28¼	23	♥Imperial Oil ‖	26½	.....	$1.80	–	3.3
18⅞	14⅛	Inco ‖	16⅜	–⅛	s$0.80	–	2.9
662p	599p	♥Inland Nat. Gas $1.	653p	+4	60c	–	4.4
158p	102p	♥Madeleine Mines	153p	–5	–	–	–
193p	163p	♥Muscocho Expln.	180p	+2	–	–	–
126p	85½p	♥Nevada Goldfields	116p	–3	–	–	–
12½	10⅞	♥Rio Algom.	11¼	.....	$1.30	–	5.3
19¼	17¼	Royal Bk. Can. ‖	19½	–⅛	$2.20	–	5.4
41½	33⅛	Seagram ‖	40⅞	+⅞	US$1.40	–	2.0
112p	74½p	♥Sonora Gold Corp ‖	94p	–5	–	–	–
85p	33p	♥Spiral Eng ‖	74p	–½	–	–	–
109p	73p	♥Tam Pure Tech. Corp ‖.	94p	.....	–	–	–
19½	16⅛	Toronto-Dom. Bk. ‖	18½	–⅛	$1.12	–	2.9
799p	686p	♥Trans Can Pipe	794p	+2	68c	–	4.1
183p	154p	Varity Corp ‖	163p	+2	8	–	–

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS – Contd

CHEMICALS, PLASTICS

DRAPERY AND STORES

ELECTRICALS

ENGINEERING

ENGINEERING – Contd

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS (Miscel.) – Contd

INDUSTRIALS (Miscel.) – Contd.

INSURANCES

LEISURE

LONDON SHARE SERVICE

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LEISURE—Contd

[illegible]

MOTORS, AIRCRAFT TRADES

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TEXTILES—Contd

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

TRUSTS, FINANCE, LAND—Contd

[illegible]

Finance, Land, etc

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Contd

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

MINES—Contd

Tins

[illegible]

Miscellaneous

[illegible]

THIRD MARKET

21¼	20	Scott Pickford 10p...y	20	......	3.1	0.7	20.7	10.4
133	95	Seacon Hldgs. ....y	128xd	......	2.5	◆	2.6	◆
11	7	Sonic Tape 2½p.....y	7½	+½	–	–	–	9.9
19	12	Stats Hldgs. 5p.....y	12	–1	–	–	–	14.2
*2¾	1¾	Swanyard Studios 1p y	2½	......	–	–	–	◆
525	285	Fakare.. ....y	470	–10	1.0	◆	0.3	◆
46	28	Tomorrows Leisure 20p y	45	......	–	–	–	22.4
19	14	Tullow Oil 10p.......y	16	......	–	–	–	–
113	100	UPL Group 10p.......y	110	......	L2.41	4.3	2.9	15.0
147	140	Unit Group............y	140	......	F7.5	2.9	7.1	8.0
32	23	Whitegate Leisure 20p. y	30½	–1	–	–	–	–
17½	10	Do. Wrrnts.............y	17	......	–	–	–	–
9¼	5	Wilton Group 1p....y	9	–¼	–	–	–	–

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha, β Beta, γ Gamma.

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ◆ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially listed.
- # Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ◆ Merger bid or reorganisation in progress
- ◆ Not comparable
- ◆ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
-] No par value

B.Fr. Belgian Francs. Fr. French Francs §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1988-89. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p.....y	92	......
Craig & Rose £1...y	720	......
Finlay Pkg. 5p.....y	93	......
Holt (Jos) 25p.....y	1275	......

IRISH

Cap. 8½% Ln. 1991....	£100¾	......
9pc Cap Ln. 1996..	£101	......
Fin. 13% 97/02....	£120½	......
Arnotts..................	470	......
Carrol (P.J.).......y	154	+2
Hall (R. & H.)........	150	......
Heiton Hldgs.......y	74	+2
Irish Ropes............	170	......

TRADITIONAL OPTIONS

3-month call rates

Industrials

	p
Allied-Lyons	40
Amstrad	18
BAT	40
BOC Grp.	36
BSR	7½
BTR	26
Barclays	34
Beecham	40
Blue Circle	39
Boots	20
Bowaters	38
Brit Aerospace	42
Brit. Telecom	21
Burton Ord.	18
Cadburys	31
Charter Cons.	45
Comm Union	28
Courtaulds	26
FKI Babcock	13
FNFC	21
Gen Accident	71
GEC	15
Glaxo	90
Grand Met	38
GUS 'A'	90
Guardian	16
GKN	28
Hanson	12
Hawker Sidd.	48
ICI	85
Jaguar	22
Ladbroke	38
Legal & Gen.	26
Lex Service	34
Lloyds Bank	29
Lucas Inds	48
Marks & Spencer	15
Midland Bk.	35
Morgan Grenfell	28
NEI	12
Nat West Bk.	45
P & O Dfd.	48
Plessey	15
Polly Peck	28
Racal Elect.	25
RHM	32
Rank Org Ord.	43
Reed Intnl.	38
STC	24
Sears	13
TI	32
TSB	9
Tesco	12
Thorn EMI	55
Trust Houses	24
T&N	16
Unilever	42
Vickers	15
Wellcome	42

Property

Brit Land	30
Land Securities	52
MEPC	50

Oils

Brit Petroleum	21
Do. (P.Paid)	12
Burmah Oil	48
Calor	35
Charterhall	2½
Premier	9
Shell	85
Ultramar	21

Mines

Cons Gold	100
Lonrho	38
RTZ	48

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CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Caution before US jobs data

THE DOLLAR continued to trade in a narrow range yesterday as most investors retreated to the sidelines ahead of the release today of US employment figures for March. The threat of central bank intervention has effectively restricted the dollar's upside potential, while solid support is expected by market players at the DM1.8640 level.

The US unit finished at DM1.8685 from DM1.8730 and Y131.85 compared with Y131.75. Elsewhere, it finished at SFr1.6390 from SFr1.6415 and FFr6.3075 against FFr6.3175. On Bank of England figures, the dollar's exchange rate index was 68.2 from 68.1.

Trading volume was sufficiently thin to push the dollar slightly weaker after comments by Mr Lloyd Bentsen, chairman of the US Senate finance committee, when he suggested that a lower dollar might help to cut the US trade deficit.

Later trading in New York failed to provide any fresh guidance, and the dollar continued to trade between a low of DM1.8650 and a high of DM1.8710.

Sterling was confined to a narrow range as interest was centred elsewhere. Its exchange rate index was unchanged from the close of Wednesday at 95.5, having opened at 95.4. The pound closed at $1.7060 from $1.7000 but rose against the D-Mark to DM3.1850 from DM3.1825. It was also higher against the yen at Y224.75 from Y224.00. Elsewhere, it finished at SFr2.7950 from SFr2.7900 and FFr10.7500 compared with FFr10.7400.

The D-Mark failed to break through resistance at Y70.70 against the Japanese yen. Early trading saw the West German unit move up to Y70.67 from Y70.37 on Wednesday, but the push through Y70.70 failed to materialise and the D-Mark eased back to finish at Y70.56. Despite resistance at the higher levels, the D-Mark is expected to make further advances against the yen as the latter continues to suffer from a lack of investor confidence. Sentiment has been influenced by the continuing Recruit Cosmos share scandal and the alleged involvement of senior Japanese Government officials.

The Swiss franc managed to recoup its earlier losses against the D-Mark, having touched its lowest level for seven years in early trading. The Swiss unit was bolstered by rumours of a possible rise in the Swiss discount rate. However, the Swiss central bank dismissed the speculation as being unfounded.

Despite the franc's steadier tone, many analysts see the Swiss unit falling further and driving the D-Mark above the SFr0.8800 level.

The French franc held steady against the D-Mark, showing little reaction to comments by Mr Pierre Beregovoy, the French finance minister, that the French franc would be revalued in the event of an EMS re-alignment. The D-Mark was quoted at FFr3.3755 from FFr3.3740 on Wednesday.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu Apr.6	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	43.5787	+2.64	+0.95	±1.5344
Danish Krone	7.85212	8.08989	+3.03	+1.34	±1.5404
German D-Mark	2.05853	2.08116	+1.10	-0.59	±1.0981
French Franc	6.90403	7.02455	+1.75	+0.06	±1.3674
Dutch Guilder	2.31943	2.34370	+1.05	-0.64	±1.5012
Irish Punt	0.768411	0.780022	+1.51	-0.18	±1.6684
Italian Lira	1483.58	1526.85	+2.92	+1.93	±4.0752

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

POUND SPOT- FORWARD AGAINST THE POUND

Apr.6	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.6980 - 1.7070	1.7040 - 1.7050	0.38-0.36cpm	2.60	1.17-1.13pm	2.70
Canada	2.0230 - 2.0405	2.0370 - 2.0380	0.12cpm-par	0.35	0.44-0.26pm	0.69
Netherlands	3.58¼ - 3.60	3.58¾ - 3.59¾	2-1⅞cpm	6.26	5⅛-5⅞pm	6.19
Belgium	66.40 - 66.95	66.60 - 66.70	30-24cpm	4.86	86-73pm	4.77
Denmark	12.35½ - 12.40½	12.37½ - 12.38½	4¾-3½orepm	3.87	12⅝-12⅛pm	4.04
Ireland	1.1915 - 1.1950	1.1940 - 1.1950	0.55-0.50pm	5.27	1.45-1.35pm	4.69
W. Germany	3.17¾ - 3.19	3.18¼ - 3.18¾	1⅞-1⅝pfpm	6.59	5¼-5pm	6.44
Portugal	261.70 - 263.75	262.35 - 263.35	5-40cdis	-1.03	10-105dis	-0.88
Spain	197.10 - 197.95	197.25 - 197.55	20-5cpm	0.76	45-30pm	0.76
Italy	2331 - 2342½	2336½ - 2337½	3-1lirepm	1.03	6-4pm	0.86
Norway	11.53¾ - 11.60	11.56½ - 11.57½	1¾-1¼orepm	1.56	5-4½pm	1.62
France	10.72½ - 10.77	10.74½ - 10.75½	4-3½cpm	4.19	11¼-11pm	4.23
Sweden	10.82¼ - 10.86¼	10.85 - 10.86	1⅝-1¼orepm	1.61	4¾-3¼pm	1.50
Japan	224¼ - 225½	224¼ - 225¼	1⅞-1½ypm	8.34	4¾-4½pm	8.23
Austria	22.36 - 22.47	22.37 - 22.40	12-11gropm	6.16	35½-33½pm	6.14
Switzerland	2.78¾ - 2.80	2.79 - 2.80	1¾-1½cpm	6.98	5-4¾pm	6.98

Belgian rate is convertible francs. Financial franc 66.85-66.85. Six-month forward dollar 2.09-2.04cpm 12 months 3.25-3.15cpm

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

Apr.6	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.6980 - 1.7070	1.7040 - 1.7050	0.38-0.36cpm	2.60	1.17-1.13pm	2.70
Ireland†	1.4245 - 1.4290	1.4290 - 1.4300	0.30-0.35cdis	-2.74	0.91-1.01dis	-2.69
Canada	1.1895 - 1.1955	1.1935 - 1.1945	0.20-0.25cdis	-2.26	0.57-0.64dis	-2.03
Netherlands	2.1045 - 2.1115	2.1065 - 2.1075	0.62-0.60cpm	3.47	1.86-1.81pm	3.48
Belgium	39.05 - 39.20	39.05 - 39.15	8.00-6.00cpm	2.15	23.00-17.00pm	2.04
Denmark	7.25¾ - 7.28	7.26 - 7.26½	0.80-0.55orepm	1.11	2.30-1.90pm	1.16
W. Germany	1.8650 - 1.8725	1.8680 - 1.8690	0.62-0.60pfpm	3.91	1.79-1.76pm	3.80
Portugal	154.00 - 154.60	154.05 - 154.15	35-55cdis	-3.50	115-165dis	-3.63
Spain	115.85 - 116.15	115.90 - 116.00	17-20cdis	-1.91	56-62dis	-2.04
Italy	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norway	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
France	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sweden	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Japan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Austria	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Switzerland	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 39.20-39.30.

£ IN NEW YORK

Apr.6	Latest	Previous Close
£ Spot	1.7000-1.7010	1.7020-1.7030
1 month	[illegible]	[illegible]
3 months	[illegible]	[illegible]
12 months	[illegible]	[illegible]

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Apr.6	Previous
8.30 am	95.4	95.4
9.00 am	95.4	95.4
10.00 am	95.4	95.4
11.00 am	95.4	95.4
Noon	95.4	95.4
1.00 pm	95.4	95.3
2.00 pm	95.5	95.4
3.00 pm	95.5	95.5
4.00 pm	95.5	95.5

CURRENCY RATES

[illegible]

*All SDR rates are for Apr.5

CURRENCY MOVEMENTS

[illegible]

OTHER CURRENCIES

[illegible]

EURO-CURRENCY INTEREST RATES

[illegible]

EXCHANGE CROSS RATES

[illegible]

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES

Locals cover short positions

SHORT STERLING for June delivery closed near the day's peak on Liffe yesterday, but this did not appear to reflect fundamental considerations, or the general mood of the market which remained bearish. Fears of a rise in international interest rates and of a weakening of sterling continued to weigh on sterling based contracts.

June short sterling opened at a technical support level of 86.92 and traded within a range of 86.87 to 86.96, before closing at 86.97, unchanged from Wednesday's close. The reason for the firmer tone during the day was the unwinding of short positions by local traders, ahead of today's US employment data for March.

Traders are worried about carrying short sterling positions into the announcement of US employment trends, but equally see only risk and little reward in going long.

A rise of around 280,000 in US non-farm payrolls is expected, but if the figure is above 300,000 it will increase speculation about higher US interest rates. This will increase the bearish tone in UK credit markets; but if the US employment figures are weak, it is feared that the pound will suffer against a strengthening D-Mark.

Both scenarios appear to be bearish for London interest rates, and on this basis the Liffe market is technically negative.

It was noted that yesterday's low removed the previous support level of 86.92 for short sterling.

LIFFE LONG GILT FUTURES OPTIONS

[illegible]

LIFFE US TREASURY BOND FUTURES OPTIONS

[illegible]

LIFFE £/$ OPTIONS

[illegible]

LIFFE EURODOLLAR OPTIONS

[illegible]

LIFFE SHORT STERLING

[illegible]

PHILADELPHIA SE £/$ OPTIONS

[illegible]

LONDON (LIFFE)

[illegible]

CHICAGO

[illegible]

MONEY MARKETS

Tone stays firm

INTEREST RATES had a slightly firmer tone in nervous trading on the London money market yesterday. Fears about higher bank base rates continued to dominate sentiment, as dealers looked for any sign of downward pressure on sterling, against the background of a weak UK trade position.

Three-month sterling interbank was quoted at 13¼-13⅛ per cent, compared with 13⅛-13 per cent on Wednesday,

UK clearing bank base lending rate 13 per cent from November 25

while 12-month money rose to 13⅛-13 per cent from 13-12⅞ per cent.

Day-to-day credit remained in comfortable supply in London. The Bank of England initially forecast a money market credit surplus of £200m, but revised this to a surplus of £150m at noon and to a flat position in the afternoon. There was no action by the authorities in the market.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £126m, with a rise in the note circulation absorbing £80m. These factors were offset by Exchequer transactions adding £395m to liquidity and bank balances above target of £20m.

In Frankfurt the West German Bundesbank left its credit policies unchanged at yesterday's council meeting. The discount rate remains at 4.00 per cent and the Lombard emergency financing rate at 6.00 per cent.

Call money in Frankfurt was unchanged at 5.90 per cent, but the trend in the market appears to be downwards at present, with little fear of an early rise in official rates. This week's allocation of DM37.2bn, at a securities repurchase agreement tender, was regarded as generous, draining only DM300m on balance, and leaving the banking system reasonably liquid.

A smaller allocation had been expected, to offset profits made by the Bundesbank last year. The central bank made an unappropriated profit before transfers to the Government and reserves of DM11.60bn in 1988, compared with DM338m in 1987. This money is expected to find its way into the market and increase the general level of liquidity. The profit level of the central bank was boosted by net sales of dollars against the D-Mark over the year.

In Amsterdam the Dutch Central Bank offered liquidity to the domestic money market, via a tender for seven-day special advances, at an unchanged rate of 6.4 per cent. This replaces two expiring pacts, totalling Fl 4.45bn.

FT LONDON INTERBANK FIXING

(11.00 a.m. Apr.6) 3 months US dollars: bid 10¼, offer 10⅜. 6 months US Dollars: bid 10¼, offer 10⅜.

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

[illegible]

LONDON MONEY RATES

[illegible]

EUROPEAN OPTIONS EXCHANGE

Series		May Vol	May Last	Aug Vol	Aug Last	Nov Vol	Nov Last	Stock
KNP P	Fl. 55	67	3	152	4	27	4	Fl. 54
NEDLLOYD C	Fl. 350	228	7	37	20.20 a	12	27	Fl. 347
NEDLLOYD P	Fl. 320	68	1.10	4	10.40	30	16	Fl. 347
Nat.Ned. C	Fl. 65	590	0.60	58	1.80	199	2.90	Fl. 63.30
Nat.Ned. P	Fl. 65	419	1.90	50	4.10	41	5	Fl. 63.30
Philips C	Fl. 40	834	0.50	429	1.60	135	2.50	Fl. 38.90
Philips P	Fl. 35	36	0.10	734	0.90	23	1.40 a	Fl. 38.90
Royal Dutch C	Fl. 130	651	3.60	147	5.20 a	78	6.50	Fl. 133.30
Royal Dutch P	Fl. 130	147	0.60	44	4	71	5.90	Fl. 133.30
Robeco P	Fl. 105	–	–	20	4.20	–	–	Fl. 103.80
Unilever C	Fl. 130	136	1.80	52	4.40 a	19	6.70	Fl. 130.60
Unilever P	Fl. 130	106	1.20	50	4.60	10	5.70	Fl. 130.60
Van Ommeren C	Fl. 45	111	0.50	77	1.90	30	2.80	Fl. 43
Van Ommeren P	Fl. 40	56	0.50	17	1.90	6	3	Fl. 43
Wessanen C	Fl. 85	75	0.20	–	–	6	2.30	Fl. 78.80

TOTAL VOLUME IN CONTRACTS: 40,360

A=Ask B=Bid C=Call P=Put

BASE LENDING RATES

	%		%		%
ABN Bank	13	Clydesdale Bank	13	NatWestminster	13
Adam & Company	13	Comm. Bk. N. East	13	Northern Bank Ltd	13
AAB - Allied Arab Bk	13	Co-operative Bank	*13	Norwich Gen. Trust	13
Allied Irish Bank	13	Coutts & Co	13	PRIVATbanken Limited	13
● Henry Ansbacher	13	Cyprus Popular Bk	13	Provincial Bank PLC	14
ANZ Banking Group	13	Dunbar Bank PLC	13	R. Raphael & Sons	13
Associates Cap Corp	12	Duncan Lawrie	13	Roxburghe G'rantee	13½
Authority Bank	13	Equatorial Bank plc	13	Royal Bk of Scotland	13
● B & C Merchant Bank	13	Exeter Trust Ltd	13½	Royal Trust Bank	13
Bank of Baroda	13	Financial & Gen. Bank	13	● Smith & Williamson Secs.	13
Banco Bilbao Vizcaya	13	First National Bank Plc.	14	Standard Chartered	13
Bank Hapoalim	13	● Robert Fleming & Co.	13	TSB	13
Bank Credit & Comm	13	Robert Fraser & Ptnrs.	13½	United Bk of Kuwait	13
Bank of Cyprus	13	Girobank	13	United Mizrahi Bank	13
Bank of Ireland	13	● Guinness Mahon	13	Unity Trust Bank Plc	13
Bank of India	13	HFC Bank plc	13	Western Trust	13
Bank of Scotland	13	● Hambros Bank	13	Westpac Bank Corp.	13
Banque Belge Ltd	13	Heritable & Gen Inv Bnk	13	Whiteaway Laidlaw	13½
Barclays Bank	13	● Hill Samuel	§13	Yorkshire Bank	13
Benchmark Bank PLC	13	C. Hoare & Co.	13		
Berliner Bank AG	13	Hongkong & Shangh	13		
Brit Bk of Mid East	13	● Leopold Joseph & Sons	13		
● Brown Shipley	13	Lloyds Bank	13		
Business Mtge Tst	13½	Meghraj Bank Ltd	13		
CL Bank Nederland	13	McDonnell Douglas Bnk	13		
Central Capital	13	Midland Bank	13		
● Charterhouse Bank	13	Mortgage Express Ltd.	§13.75		
Citibank NA	13	Mount Banking Corp.	13		
City Merchants Bank	13	Nat Bk. of Kuwait	13		

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CROSSWORD

No.6,903 Set by GRIFFIN

ACROSS

1 Innocent chap dressed as furniture remover (12)
10 Not a real facility, it's free (7)
11 Justify having jogged in a verruca (7)
12 Having broken leg at home, is here (5)
13 Same opening in camp floor (8)
15 Plans to replace Mr A.G. Rose, MP (10)
16 Maxim decapitated a German (4)
18 Back number containing "First Aid for Cattle" (4)
20 Investigation into why one's late (4-6)
22 In other words Di can't get involved in show (8)
24 Beastly places giving amateur displays (5)
26 Vital new article by Lett (7)
27 Stuffed a pound note in Peter's letters (7)
28 Snacks for soldiers – new chaps – on the way back (12)

DOWN

2 A fresh roll, say, swallowed quickly (7)
3 Coaches shower during rest break (8)
4 Credit note duplicated by an Indian (4)
5 Spies after information from shopkeepers (10)
6 "A French Priest", I interposed, "discovered radium" (5)
7 Next time is standing in a cosy place (7)
8 Reckless replies Robin's resolved to give (13)
9 BR employee changes to steam trains (13)
14 Standing by opening in new cinema (10)
17 Look, standing in odd places makes you fall down (8)
19 "One hearing it", Dora exploded, "heard you going in" (7)
21 Weapon I'd found in the water at Stoke (7)
23 Head cook swallows one (5)
25 Superior jaunting-car hard to find (4)

Solution to Puzzle No.6,902

JOTTER PAD

WORLD STOCK MARKETS

AUSTRIA | BELGIUM/LUXEMBOURG | DENMARK | FINLAND | FRANCE | FRANCE (continued) | GERMANY | GERMANY (continued) | ITALY | ITALY (continued) | NETHERLANDS | NORWAY | SPAIN | SWEDEN | SWITZERLAND | SOUTH AFRICA | JAPAN | AUSTRALIA | HONG KONG | SINGAPORE

[illegible]

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. (u) unavailable. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

CANADA

TORONTO

2pm prices April 6

Quotations in cents unless marked $.

[illegible]

f—No voting rights or restricted voting rights.

INDICES

NEW YORK DOW JONES

	April 5	April 4	April 3	Mar 31	1989 High	1989 Low	Since compilation High	Since compilation Low
◊Industrials	2304.80	2298.20	2304.80	2293.62	2347.14 (7/2)	2144.64 (3/1)	2722.42 (25/8/87)	41.22 (2/7/32)
Home Bonds	87.93	87.73	87.65	87.59	89.62 (8/2)	87.35 (23/3)	-	-
Transport	1067.27	1057.89	1061.77	1068.16	1087.97 (7/2)	959.95 (3/1)	1101.16 (14/8/87)	12.32 (8/7/32)
Utilities	185.46	184.80	184.39	184.03	191.15 (24/1)	181.84 (24/2)	227.83 (22/1/87)	10.50 (8/4/32)

◊Day's High 2315.80 (2314.88) Low 2286.84 (2282.44)

STANDARD AND POOR'S	April 5	April 4	April 3	Mar 31	1989 High	1989 Low	Since compilation High	Since compilation Low
Composite‡	296.24	295.31	296.39	294.87	299.63 (7/2)	275.31 (3/1)	336.77 (25/8/87)	4.40 (1/6/32)
Industrial	340.97	340.14	341.29	339.42	346.41 (7/2)	318.66 (3/1)	393.17 (25/8/87)	3.62 (21/6/32)
Financial	28.06	27.94	28.01	27.83	28.06 (5/4)	24.30 (3/1)	32.43 (25/8/87)	8.64 (1/10/74)
NYSE Composite	166.45	165.95	166.43	165.63	168.10 (16/3)	154.98 (3/1)	187.99 (25/8/87)	4.46 (25/4/42)
Amex Mkt. Value	330.27	329.19	329.47	328.31	332.52 (16/3)	305.24 (3/1)	365.01 (13/8/87)	29.31 (9/12/72)
NASDAQ OTC Comp	408.30	407.18	407.65	406.73	409.51 (16/3)	378.56 (3/1)	455.28 (26/8/87)	54.87 (31/10/72)

	Mar 17	Mar 10	Mar 3	year ago (approx.)
Dow Industrial Div. Yield	3.70	3.70	3.70	3.35
	Mar 15	Mar 8	Mar 1	year ago (approx.)
S & P Industrial div. yield	3.13	3.16	3.23	2.94
S & P Indl. P/E ratio	13.17	13.04	12.68	15.35

TRADING ACTIVITY †Volume Millions

	April 5	April 4	April 3
New York	165.855	160.680	165.772
Amex	10.165	11.356	10.021
OTC	120.750	139.591	122.531

NEW YORK	April 5	April 4	April 3
Issues Traded	1,949	1,954	1,967
Rises	782	639	852
Falls	607	831	622
Unchanged	560	484	493
New Highs	71	55	85
New Lows	35	39	25

CANADA

TORONTO	April 5	April 4	April 3	Mar 31	1989 High	1989 Low
Metals & Minerals	3253.8	3258.8	3289.6	3327.7	3564.9 (6/2)	3207.5 (3/1)
Composite	3556.2	3552.6	3562.2	3578.2	3696.1 (8/2)	3350.5 (6/1)
MONTREAL Portfolio	1774.06	1769.96	1770.40	1785.74	1850.44 (8/2)	1677.48 (3/1)

NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
SmithKline	3,568,500	64⅛	− 1⅛	Tandem comp	1,603,500	15⅛	+ ⅛
Nabisco RJR	2,599,800	87⅛	− ⅛	Exxon	1,507,800	43½	+ ⅛
NWA	2,568,300	87⅝	+ 3⅝	IBM	1,452,000	107⅜	+ ⅝
Amer Express	1,800,000	32⅜	+ ⅜	Illinois Power	1,443,500	14½	+ ⅛
Mont	1,710,900	34⅛	+ ⅛	Ford Motor	1,364,700	47½	− 1½

Base values of all indices are 100 except NYSE All Common—50; Standard and Poor's—10; and Toronto Composite and Metals — 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Apr. 6	Apr. 5	Apr. 4	Apr. 3	1989 High	1989 Low
AUSTRALIA						
All Ordinaries (1/1/80)	1424.5	1426.3	1433.0	1452.0	1551.7 (31/1)	1433.0 (4/4)
All Mining (1/1/80)	654.9	654.6	658.3	668.2	727.0 (26/1)	654.6 (16/2)
AUSTRIA						
Credit Aktien (30/12/84)	291.92	292.51	292.36	290.07	292.51 (5/4)	219.5 (2/1)
BELGIUM						
Brussels SE (1/1/80)	5801.98	5783.36	5749.10	5740.30	5834.01 (10/2)	5519.30 (4/1)
DENMARK						
Copenhagen SE (3/1/83)	(u)	(u)	293.70	291.95	293.70 (4/4)	275.49 (27/2)
FINLAND						
Unitas General (1975)	807.4	801.9	798.6	793.4	807.4 (6/4)	723.3 (4/1)
FRANCE						
CAC General (31/12/82)	454.3	453.1	451.0	446.8	457.3 (6/2)	417.9 (4/1)
Ind. Tendance (30/12/88)	106.5	106.4	106.3	105.4	108.1 (3/2)	97.5 (27/2)
GERMANY						
FAZ Aktien (31/12/58)	566.3	563.91	562.72	561.57	569.27 (8/2)	535.78 (27/2)
Commerzbank (1/12/53)	1683.7	1679.3	1673.1	1669.7	1705.6 (5/1)	1595.7 (27/2)
DAX (30/12/87)	1345.50	1348.80	1339.79	1344.35	1371.10 (5/1)	1271.70 (23/2)
HONG KONG						
Hang Seng Bank (31/7/64)	3015.51	(c)	2991.96	2987.21	3209.96 (9/2)	2706.69 (3/1)
ITALY						
Banca Com. Ital. (1972)	605.75	606.33	607.49	605.96	615.89 (17/1)	577.49 (28/2)
JAPAN						
Nikkei (16/5/49)	32995.78	33360.79	33312.25	33042.0	33360.79 (5/4)	30183.79 (5/1)
Tokyo SE (Topix) (4/1/68)	2469.78	2494.74	2483.01	2467.52	2494.74 (5/4)	2366.91 (6/1)
NETHERLANDS						
CBS TU.Rtn.Gen.(End 1983)	231.0	231.0	230.2	230.7	231.0 (5/4)	208.3 (3/1)
CBS All Shr (End 1983)	184.7	184.7	184.2	184.5	184.7 (5/4)	166.7 (1/3)
NORWAY						
Oslo SE (2/1/83)	606.05	610.78	612.09	615.51	615.51 (3/4)	467.17 (2/1)
SINGAPORE						
Straits Times Ind. (30/12/66)	1192.43	1191.26	1193.25	1187.27	1194.63 (29/3)	1030.69 (4/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	(c)	1582.0	1613.0	1596.0	1639.0 (23/3)	1291.0 (15/2)
JSE Industrial (28/9/78)	(c)	2492.0	2477.0	2465.0	2492.0 (5/4)	1961.0 (3/1)
SPAIN						
Madrid SE (30/12/85)	292.95	291.61	291.25	287.63	292.95 (6/4)	268.61 (1/3)
SWEDEN						
Jacobson & P. (31/12/56)	3912.2	3907.0	3892.0	3890.9	3912.2 (6/4)	3333.9 (3/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	665.2	661.2	659.2	659.8	665.2 (6/4)	613.1 (3/1)
WORLD						
M.S. Capital Intl. (1/1/70)	(u)	510.9	510.4	505.8	519.0 (17/2)	491.2 (28/3)

‡ Subject to official recalculation.

Base values of all indices are 100 except Brussels SE and DAX — 1,000 JSE Gold — 255.7 JSE Industrials — 264.3 and Australia. All Ordinary and Mining — 500; (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks

Thursday 6 April 1989

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Mitsubishi Metal	[illegible]	[illegible]	[illegible]	Nishimatsu Construc	24.6m	1,600	+50
Showa Denko	[illegible]	[illegible]	[illegible]	Yasukawa Electric	20.5m	1,250	+50
Ebara	[illegible]	[illegible]	[illegible]	Kobe Steel	19.7m	598	-12
Nippon Steel	[illegible]	[illegible]	[illegible]	Kawasaki Heavy	18.4m	1,070	-10
Mitsui Mining & Smelting	[illegible]	[illegible]	[illegible]	Kansai Paint	17.2m	1,090	+10

3pm prices April 6

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
		- A - A - A -								
29	21¾	AAR	.44	1.7	18	306	27⅝	26½	26½	-1⅛
10⅛	8⅝	ACM n	1.01	11.		180	9	8⅞	9	+⅛
11⅞	10⅛	ACMIn	1.26a	12.		361	10⅛	10⅝	10⅛	
10⅛	8½	ACM M n	1.01	11.		181	9	8⅞	8⅞	-⅛
11⅛	10⅛	ACM Sc	1.26	12.		628	10⅝	10½	10⅝	
10⅛	8⅛	ACMSp	n.93a	11.		625	8⅝	8½	8⅝	+⅛
5⅛	2⅝	AMCA	.12e	3.2		155	3⅛	3⅛	3⅛	+⅛
6⅛	3⅝	AM Intl				2323	6	5⅛	5⅞	-⅛
23½	18⅛	AM Int pf	2	8.7		53	23⅛	23	23	-⅛
62⅛	39	AMR			7	3894	59⅝	58⅞	59⅛	-⅜
9½	4⅛	ARX				46	5	4⅞	5	+⅛
47	35⅛	ASA	3e	7.2		125	41⅞	41⅝	41⅝	-⅛
20⅛	14⅛	AVX	.24	1.4	8	125	17½	17	17⅛	-⅛
55	42⅞	AbtLab	1.40	2.6	16	2709	54	53⅛	54	+⅛
19	15⅛	Abitibi g	1			59	16⅛	16⅛	16½	+⅛
13⅞	7½	AcmeC	.40	4.1		172	10	9⅞	9⅞	+⅛
7⅝	5⅞	AcmeE	.32	4.4	28	31	7⅛	7⅛	7⅛	
30⅛	20⅛	Acuson			25	44	28⅞	28½	28⅞	-⅛
16⅞	14⅛	AdaEx	1.82e	13.		106	14⅞	14½	14½	
16⅞	7½	AMD			10	532	8⅝	8⅛	8½	-⅛
43½	28⅛	AMD pf	3	9.2		8	32⅞	32½	32½	-⅛
8⅞	6½	Adobe				246	7⅞	7½	7⅝	+⅛
18⅛	16½	Adob pf	1.84	11.		1	17⅛	17⅛	17⅛	
21⅞	20	Adob pf	2.40	12.		5	20⅛	20½	20½	+⅛
9⅛	6⅞	Advest	.12	1.7	15	160	7⅛	7	7⅛	+⅛
52½	39½	AetnLf	2.76	5.4	9	689	51½	51⅛	51⅛	+⅛
44½	24	AflPb s	.22	.5		951	42⅛	41⅝	41⅝	-⅛
18⅛	13⅛	Ahmans	.88	4.9	9	2826	18⅛	17⅞	18⅛	
4⅝	2⅞	Aileen			22	110	3⅞	3⅝	3⅞	+⅛

Continued on Page 45

NYSE COMPOSITE PRICES

Continued from previous Page

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AMEX COMPOSITE PRICES

3pm prices April 6

[illegible]

OVER-THE-COUNTER

Nasdaq national market, 3pm prices April 6

Stock	Div.		Sales 100s	High	Low	Last	Chng
A&W Bd		25	953	20	19¾	19⅞	− ⅛
ADC		10	26	11⅞	11½	11⅞	
ADT			1067	26½	26¼	26¼	− ⅜
AEP		10	6	13½	13½	13½	
ALC h			1127	u 3⅞	3⅝	3 11-16	+ 1-16
ASK		14	207	13⅜	13	13¼	− ⅛
AST		20	401	7⅛	7⅛	7⅛	
AcmeSt	.08e	6	117	24½	24⅛	24½	
ActARt s		26	61	17½	17¼	17¼	− ⅛
Actmed			137	14¾	14⅝	14⅝	
Acxiom		16	113	13¾	13½	13½	− ⅛
AdacLb	.16	15	1096	4 9-16	4½	4½	
Adapt		32	347	6½	6⅛	6⅛	− ⅛
AdIngtn		13	258	31⅝	31¼	31¼	
AdiaSv	.14	15	15	23	22¾	22¾	− ½
AdobeS	a.09i	19	748	22	21½	21⅝	− ¼
AdMkSv		14	746	13½	13	13¼	
AdvPoly			65	7¼	7	7⅛	− ⅛
AdvSem			65	10⅛	9⅞	10	− ⅛
AdvTel		15	432	14½	14⅛	14⅜	
Advanta			38	5¾	5¾	5¾	− ¼
AdvoSy			154	6½	6¼	6½	+ 3-16
AffBcCp	.32	7	162	8⅝	8¼	8⅜	
AffBsh			109	10¾	10¼	10¼	− ⅛
AgncyR	1	18	1298	18⅛	17½	18⅛	+ ¾
Agnico g	.20		82	9⅞	9½	9½	− ⅛
AirWisc	t	6	736	13¾	13½	13½	− ¼
Airtran	.12	15	42	7	6¾	6¾	− ⅛
AlcoHlt		19	25	25⅝	25⅝	25⅝	+ ¼
Aldus		13	2505	16	15⅛	15¾	− ⅝
AlexBr	.16	22	582	10½	10¼	10¼	− ⅛
AlexBl s	.80	12	592	37	36½	37	+ ½
Allico	.20	25	1	31¼	31¼	31¼	
AlegW		11	60	8	8	8	− ⅛
AllFinl	1	22	10	36½	36½	36½	− ½
AllenPh			206	12⅜	12	12⅛	+ ⅛

Stock	Div.		Sales 100s	High	Low	Last	Chng
DSC		30	4855	11⅛	10⅞	11	− ⅛
DaisySy			451	4⅞	4⅝	4⅝	
DalSem		21	109	6⅛	6⅛	6⅛	
DartGp	.13	132	174	89½	89	89½	− ½
Dta IO		10	225	6	5⅞	5⅞	
DtSwtch		16	279	5⅞	5⅛	5⅛	
Datscp		15	487	35	33¾	34¼	− ¾
Dauphn	1.36b	10	48	30¾	30¼	30½	
DebShp	.20	16	107	15	14⅝	14⅝	− ¼
DekibE	.10i	17	91	22	21¾	21¾	− ¼
DKibGn		19	71	28⅛	27¾	27¾	− ½
Delchm	.36	16	24	20¾	20¼	20¼	− ½
DellCpt		9	1455	7⅛	7	7⅛	− ⅛
DepGty	1.52	8	10	32½	32½	32½	+ ½
Devon		11	357	15	14¾	15	+ ¼
Diagnst		34	978	7½	7¼	7⅜	
Dibrel s	.60	10	149	19½	18¾	19	
Dicеon		6	3	9¾	9¾	9¾	
DigMic		33	1147	28¾	27½	28	−1
Dionex		13	59	18	17½	17½	− ½
DixieYr	.68	12	102	21¾	21	21¾	+ ⅛
DirGnl	.20	24	894	10⅜	9⅞	10¼	+ ¼
DomnT		4	170	5⅛	5	5⅛	
DomBk	.80	9	214	19⅛	19	19	− ⅛
DressB		18	134	14½	14¼	14¼	
Drexlr			1280	12½	11⅛	11⅝	− ⅝
DreyGr		17	558	19⅞	18¾	19¾	
DrgEm	.10e		843	22⅛	21⅝	21¾	− ⅛
DunkDn	.40	16	633	u34½	33¾	33⅞	− ¼
Durand			86	7⅞	7⅞	7⅞	
Durim s	.45	11	432	14¼	14	14⅛	
DurFll	.15	21	141	19⅞	19⅛	19⅛	− ⅛
Dycom		17	58	21⅛	21¼	21¼	− ½
Dynscn		9	31	10	9⅞	9⅞	+ ⅛
DytchC		9	73	18⅛	18	18⅛	+ ⅛

[illegible]

Stock	Div.		Sales 100s	High	Low	Last	Chng
Woolbrt		25	7413	7½	7⅛	7⅛	− ⅛
WhelTch		21	2138	23¼	22⅜	23	
Whlclub		19	784	12⅛	11⅞	11⅞	
WllyJ A	1.10	64	39	56	55	56	−1
Willamt	1.45	7	813	46½	46	46	− ⅛
WilmTr	1	11	267	34½	33⅝	33¾	− ½
WiserO	.40	63	50	17	16⅞	16⅞	+ ¼
Wolohn	.28	11	54	21⅛	21	21	
WolvEx			19	7	7	7	+ ⅛
Worthg	.48	14	187	22⅛	22	22⅛	
Wyman	.60	19	685	16½	16¼	16½	+ ⅛
−X−Y−Z−							
XL Dta s		15	689	19½	19	19½	
XOMA			141	16½	15⅛	15¾	− ½
Xicor		9	468	7⅞	7⅛	7⅛	− ⅛
YelowF	.70	11	191	27⅞	27½	27½	
ZionUt	1.44		14	23¾	23⅝	23¾	+ ¼
Zycad			205	3⅝	3⅛	3½	− ⅛

AMERICA

Dow eases on worries about jobs statistics

Wall Street

FOR MONTHS, the equity market worried that each monthly unemployment release would show another hefty rise in jobs which would put upward pressure on wages and prices. Yesterday, stocks went on the defensive because a weak jobs figure was anticipated today, *writes Janet Bush in New York.*

At 2 pm, the Dow Jones Industrial Average stood 11.91 lower at 2,292.89 in modest volume of 85m shares.

The balance of worry in the equity market has shifted. Traders have now become convinced that the economy is starting to decelerate which should take the upward pressure off inflation and interest rates. A few weeks ago, signs of slowing were all positive for equities.

Now, however, the chief concern is beginning to be the effect on corporate profits of the slow-down.

The consensus of forecasts for today's March jobs release is for a rise in the non-farm payroll of around 215,000 compared with the 289,000 gain in February. The unemployment rate is expected to rise to 5.2 per cent or even 5.3 per cent from 5.1 per cent in the previous month.

For bonds, a weak set of figures should be unequivocally good news. For stocks, however, anything suggesting that the economy is decelerating quickly could be worrying.

There were a number of mildly negative influences on the equity market yesterday. One was the fall in the Tokyo stock market after seven successive gains. Second, the vulnerability in the bond market has taken its toll on confidence. The fall in Treasury prices on Wednesday came in spite of a sharp drop in crude oil prices and commodity prices.

Third, the dollar came in for some selling pressure yesterday morning after a remark by Senator Lloyd Bentsen that he would like to see the dollar about 10 per cent lower.

A remark on currency policy from the Democratic chairman of the Senate Finance Committee would not normally have that much impact but there was little else to focus on in currency market's yesterday.

Another undermining thought for the equity market is that there has been very little genuine investment in the market this week with most price movements on speculation about takeover deals. Volume has been uniformly moderate.

Interest has concentrated in defensive issues which perform well when the broad economy is weak and in interest-rate sensitive issues. On Wednesday, the New York Stock Exchange Financial Index reached a post-crash high.

Retailing stocks were in focus yesterday as a number of large chains announced their March sales figures which were generally weak.

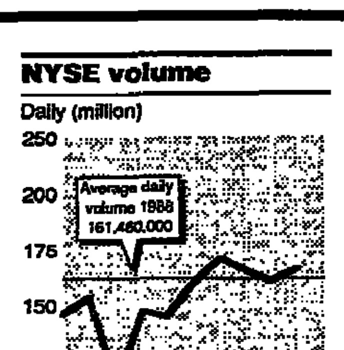
Sears, Roebuck eased $⅛ to $44, F.W. Woolworth fell $⅞ to $48⅛, K Mart slipped $⅜ to $38⅛ and J.C. Penney declined $1⅛ to $52⅛.

Bucking the trend was Gap which added $⅛ to $40½ after reporting a 29 per cent gain in sales compared with a year ago.

Among individual featured issues was Ocean Drilling & Exploration which gained $1⅜ to $18⅜ on news that Murphy Oil plans to propose a merger. Murphy, which already owns 65 per cent of the company, fell $1 to $35.

Georgia-Pacific added $⅜ to $43⅞. The company said it expected to report earnings of more than $1.55 a share in the first quarter, above analysts' forecasts.

Sea Containers dropped $1⅛ to $42⅞ after two of the company's subsidiaries said that they had agreed to buy 1.3m of their parent's common shares from Templeton Group.



Canada

QUIET TRADING saw stocks lose ground at midsession. The composite index fell 6 to 3,550.13.

Loses led gains 269 to 161 in volume of 9.7m shares.

Bourse activity lulled by March of idleness

European markets found it hard to stay awake last month, reports **Alison Maitland**

WHEN it came to trading activity in the European markets last month, there was no need to beware the ides of March. It was more a question of surviving idle March.

Indeed the 15th day of the month – the ides in question – proved one of the few sessions when bourses saw a decent level of volume.

For most of the rest of the month, they struggled to stay alive. Volumes either improved only slightly, or else fell further from February's already sharply lower levels, which followed an exceptionally active month in January.

Once again, investors in Europe were held in thrall last month by economic developments across the Atlantic.

On March 10 came the surge in US employment figures for February and the steep fall in unemployment, followed in mid-month by sharply higher US producer price figures which set off jitters – in the event unfounded – about February's consumer price inflation figure.

Then there was this year's early Easter, which put a damper on trading activity for some days before and after the long holiday weekend of March 25 and 26.

An unmemorable performance on the trading front came in spite of the release of strong corporate results.

The response to these signs of continued economic buoyancy was more positive in the Netherlands and West Germany, where turnover rose from February's levels by 9 per cent and 1.5 per cent respectively, than in France, where it fell 28 per cent.

The Dutch market was buoyed to new highs for the year not only by good results from such companies as Bührmann-Tetterode and Hoogovens, but also by a revival of takeover speculation, notably in office furniture company Ahrend.

Aircraft maker Fokker contributed to higher volumes as its share price bounded ahead on an extraordinary burst of new orders, culminating in the one from American Airlines worth more than $3bn.

Spain showed the second best improvement on February, as volume rose 4 per cent thanks to persistent speculative activity in the construction sector, which focused on cement company Asland.

Banks attracted some buying, and automotive stocks came into the limelight towards the end of the month, while better news on inflation rates also helped revive interest in Madrid.

West Germany veered between nervousness over higher interest rates and the Hesse local elections, in which the conservatives were defeated in Frankfurt, and confidence about the healthy state of the economic and corporate sector.

Matters improved when the Bundesbank signalled it did not intend to lift interest rates further, but daily volume in domestic shares was mostly in the depths below DM3bn.

In France, sporadic speculation in stocks such as LVMH, Midi and paper maker Aussedat Rey and better than expected results from big names like Printemps and Thomson CSF proved insufficient to pull back the buyers. A concomitant unwillingness to sell, together with the threat of cash calls on the market, kept volume low.

Switzerland saw turnover fall an estimated 20 per cent as it spent much of the month watching the US and gained only a brief fillip from the corporate restructuring at Crédit Suisse and good results from the likes of Brown Boveri.

Italy's volumes dropped 16 per cent, depressed by uncertainty over government moves to tackle the budget deficit and by rises in the discount and prime rates.

Brief enthusiasm over an apparent breakthrough on spending cuts and speculation about the restructuring of the banking sector saved Milan from further ignominy. Brussels was inactive with turnover falling 18 per cent.

EUROPEAN EQUITIES TURNOVER
Monthly total in local currencies (bn)

Bourse	March '89	Feb '89	Jan '89	Dec '88
Belgium	56.6	69.3	72.4	47.7
France	66.0	92.0	124.0	77.2
Germany	74.0	72.9	102.5	64.1
Italy	13,843.2	16,507.6	17,296.4	11,778.7
Netherlands	14.9	13.7	17.4	10.8
Spain	356.9	345.0	367.8	302.5
Switzerland	9.2	11.5	16.5	12.3

Volumes represent purchases and sales. Swiss and French data estimated. Italian data adjusted to include off-market trading. Source: County NatWest WoodMac

EUROPE

Approach of US data keeps trading timid

WITH the approach of the US employment figures today, most European bourses traded timidly yesterday and ended slightly weaker. Zurich and Madrid proved the exceptions, *writes Our Markets Staff.*

AMSTERDAM ran into profit-taking amid caution over the US March jobs figures, but corporate activity and a large order for Philips helped to swell turnover to an active Fl 914m worth of shares. The CBS tendency index ended 0.6 easier at 175 after reaching new highs for the year for the past two sessions.

Philips topped the actives list after a purchase of 500,000 shares at Fl 38.95, apparently by a Dutch investor. Philips added 20 cents to Fl 38.90.

Pakhoed, the transport and storage company, added Fl 1.50 to Fl 133 after reporting better than expected profits of Fl 67.8m, up from Fl 42.5m excluding extraordinary items.

Office furniture company Ahrend gained a strong Fl 15 to Fl 280 as speculation grew that Bührmann Tetterode was raising its stake. One broker, who believes Bührmann may already hold a majority of the company's certificate shares – which do not carry voting rights – said that if Ahrend rejects a bid there might be a test case in the courts about the propriety of Dutch anti-takeover defences.

Aircraft maker Fokker lost Fl 1.10 to Fl 42.90. KLM is cutting an order for Fokker 100s from 10 to six following delivery delays, but there were also hopes of an Indonesian order.

Hunter Douglas, the blind maker, added Fl 2.50 to Fl 104 with no news in the stock but a perception that it was undervalued. Center Parcs climbed Fl 3.10 to Fl 74.70 on hefty turnover of 175,000 shares amid speculation about a takeover bid, possibly from the UK.

FRANKFURT had a cautious session although turnover stayed around the same active level of the past two days at DM3.71bn. After a good start, shares came off "quite abruptly" towards the close as the Bundesbank's decision to leave interest rates unchanged proved an anti-climax, said one salesman.

There was a sense of nervousness that the US employment figures today could interrupt recent stock market gains. The FAZ was up 2.39 at 566.30 at midsession but the DAX index eased 3.30 to 1,345.50 at the close.

Utility RWE was the most active stock, rising DM10.50 to DM257.50 as shares worth DM292m changed hands. A number of reasons were given for the rise, including the strong results last month from its Deutsche Texaco subsidiary, prospects that it would lift its dividend on 1988/89 results, and expectations that margins would improve in the refining industry in the second quarter after a difficult start to the year.

BHF bank lost DM7 to DM484 after reporting a slight rise in group partial operating profits and saying 1989 profits would probably be lower.

Insurer Allianz came second in the actives list, gaining DM15 to DM1,755 after a DM45 rise on Wednesday. The company would not comment on speculation it was supporting the price in advance of a capital increase.

PARIS paused for breath after recent steady rises, and gave up some ground. Company news kept things ticking over, however, and volumes were estimated at about FFr1.6bn.

The CAC 40 index fell 9.89 to 1,653.93 and the OMF 50 index eased 1.60 to 469.12, with Wall Street's weakness dampening sentiment.

CGE recouped lost ground after investors took a second look at its merger terms for Alsthom and Alcatel. Several analysts feel the merger is a good thing not only in the long term but in the shorter term as well, with one pointing out that tax breaks and other savings meant the earnings outlook for CGE this year was still very good.

CGE rose FFr8 to FFr420.50, Alsthom was steady at FFr575 but Alcatel fell FFr20 to FFr2,885.

Matra lost FFr2 to FFr279 before late confirmation of recent speculation that it would cease sponsorship of its football team, which has proved a drag on profits. Groupe Victoire rose FFr26 to FFr944 amid speculation of a struggle for control at management level.

ZURICH had a buoyant session with all types of shares ending higher, in both blue chips and second liners. The Credit Suisse index rose 5.2 to 571.7.

Brown Boveri continued to hog the limelight, with its bearers gaining another SFr100 to SFr3,550 – they have jumped by 11 per cent in the past week. Hoffmann-La Roche's baby certificates rose SFr225 to SFr15,375 amid rumours of a corporate restructuring; the group releases its results in two weeks time.

MILAN suffered from a lack of direction, ending slightly easier in trading volume estimated at below Wednesday's provisional L160bn. The Comit index eased 0.58 to 605.75, with considerable profit-taking in the banking sector.

The lack of broad interest was reflected in early fixings for key blue chips such as Fiat, up L21 at L9,369. However, Montedison saw reasonable trade, adding L29 to L1,896.

One analyst said the market was waiting for parliamentary votes next week on the budget deficit issue and that the spectre of a government crisis was keeping investors cautious.

MADRID had a snappy session, although investors were choosy after recent broad-based buying. The general index climbed 1.31 to 297.95.

Citroën soared by about 8 per cent to 1,615 of par, a gain of 90 points, amid news of a four-year Pta58bn project to modernise and expand production.

BRUSSELS focused on steelmaker Arbed which dropped sharply on early profit-taking after recent rises but then recouped some lost ground to end BFr80 lower at BFr5,690. It had been off BFr240 at one stage.

STOCKHOLM was on hold before today's release of the US employment data and ended little changed with the Affärsvärlden index off 0.9 at 1,139.3.

Johannesburg was closed for a holiday.

ASIA PACIFIC

Nikkei loses ground after 7-day rise to all-time high

Tokyo

CONCERN about growing political unrest and the precipitous level of share prices sent equities plunging for the first time in eight sessions, *writes Michiyo Nakamoto in Tokyo.*

Shares opened on a weak note and moved downwards during the day to hit a low of 32,839.27, a loss of over 500 points. Buying by traders at these lower levels helped support the Nikkei, which recovered somewhat by the close to 32,995.78, a fall of 365.01 on the day. This was the second largest single-day loss this year.

The day's high on the Nikkei was 32,334.41. Declines led advances by 644 to 252 with 159 issues unchanged. Turnover dropped substantially to 1.09bn shares from the 1.81bn traded on Wednesday. The Topix index of all listed shares lost 24.96 points to 2,469.78 and in London the ISE/Nikkei 50 index fell 4.85 to 1,967.98.

New revelations on the political financing side of the Recruit scandal gave rise to growing concern about the precarious state of the Government. It was revealed yesterday that Mr Takao Fujinami, former Chief Cabinet Secretary, had received another Y15m in political funds from the Recruit group in addition to the sum he was already known to have received.

On Wednesday it emerged that the Recruit group had bought Y50m worth of tickets to a party in support of Mr Noboru Takeshita, the Prime Minister, when he was Secretary General of the ruling Liberal Democratic Party (LDP).

The cripplingly low support rate given to Mr Takeshita's Government and the further implication of politicians in the ruling party led to a growing belief that the Cabinet would be forced to resign. Market speculation that Mr Fujinami would be arrested added to investors' nervousness.

The political upheaval, however, was not expected by most analysts to have a very lasting impact on the market. "Japanese political scandals generally have little effect on the stock market....," said County NatWest Securities in a recent report. Although the Recruit scandal has occasionally dampened activity it was not thought to be the main cause of yesterday's decline which was attributed to profit-taking.

Interest focused on issues involved with new materials used in nuclear fusion. Mitsubishi Metal, the most actively traded stock with 46.5m shares, gained Y50 to Y1,250. Mitsubishi Metal is one of only three Japanese companies producing palladium and platinum which are used for nuclear fusion.

Issues related to protection of the environment saw renewed interest with Showa Denko climbing to second on the most actives list with 32.2m shares traded. Showa Denko, a chemical company, has been selected for its recycling system for users of chlorofluorocarbons (CFCs) and its development of a substitute for CFCs used in refrigeration. It gained Y80 to Y1,380.

Ebara, popular for its advanced technology in pollution control, was third most actively traded with 26.4m shares and rose Y20 to Y2,040.

Trading in Osaka suffered profit-taking in steels and shipbuildings. The OSE average fell 232.32 to 31,686.77 in turnover of 84m shares.

Roundup

AN ABSENCE of corporate news left Asia Pacific markets lacklustre overall and the picture was mixed at the end of the day.

AUSTRALIA drifted lower as the interest rates cloud returned to the market following the release of figures pegging domestic unemployment at a reduced rate of 6.2 per cent last month.

Turnover rose to 223m shares worth A$223m and the All Ordinaries index eased 1.8 to 1,424.5.

SINGAPORE edged to a higher close on speculative buying, with the Straits Times index adding 1.17 to 1,192.43.

Blue chip issues were largely ignored in favour of warrants and selected property stocks.

HONG KONG saw a switch into utilities from second line property stocks as investors returned from the previous day's holiday.

The Hang Seng index rose 23.55 to 3,015.51, with movements exaggerated by the low volumes, at HK$8.7m in value.

TAIWAN was led sharply higher by banks and construction stocks, with the weighted index breaching 7,500 for the first time in three weeks as it rose 223.25 to 7,535.87.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	WEDNESDAY APRIL 5 1989					TUESDAY APRIL 4 1989			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1988/89 High	1988/89 Low	Year ago (approx)
Australia (89)	128.69	-3.4	112.23	106.99	5.19	133.28	115.79	107.53	157.12	128.69	115.07
Austria (18)	116.04	-0.3	101.20	112.76	2.23	116.35	101.08	112.91	116.35	92.84	92.43
Belgium (63)	132.87	+0.4	115.87	128.77	4.09	132.29	114.93	128.05	136.68	128.52	131.29
Canada (127)	134.08	+0.0	116.93	115.54	3.30	134.13	116.53	115.39	137.27	124.67	123.40
Denmark (38)	172.46	+0.3	150.40	170.70	1.91	171.93	149.37	170.12	180.38	165.35	121.59
Finland (26)	152.86	+0.1	133.31	135.05	1.35	152.66	132.63	134.82	152.86	125.81	127.14
France (130)	118.82	+0.1	103.63	117.75	2.90	118.71	103.13	117.50	119.98	112.57	82.28
West Germany (100)	85.31	+0.5	74.40	83.02	2.28	84.86	73.72	82.50	90.40	81.77	78.41
Hong Kong (49)	126.46	+0.0	110.29	126.39	4.06	126.45	109.86	126.39	133.77	111.80	100.62
Ireland (17)	145.34	+0.9	126.75	143.76	3.55	144.10	125.19	142.28	146.46	125.00	120.49
Italy (98)	81.85	-0.2	71.38	83.88	2.50	82.04	71.28	84.01	86.88	78.16	77.70
Japan (455)	192.33	+0.0	167.73	160.17	0.47	192.35	167.12	159.16	200.11	180.30	171.05
Malaysia (36)	163.78	-0.6	142.83	173.65	2.74	164.82	143.20	174.44	164.82	143.35	119.58
Mexico (13)	167.93	+0.3	146.46	439.75	1.16	167.37	145.41	438.83	167.93	153.32	137.81
Netherland (42)	118.41	+0.2	103.27	114.06	4.49	118.18	102.68	113.71	118.41	110.63	108.38
New Zealand (24)	68.37	-1.4	59.63	59.35	6.64	69.35	60.25	59.71	76.02	67.60	76.37
Norway (26)	177.94	-0.3	155.18	164.17	1.52	178.53	155.11	164.54	178.53	139.92	125.78
Singapore (26)	145.84	-0.1	127.18	131.12	2.09	146.02	126.87	131.19	147.64	124.57	109.54
South Africa (60)	140.30	-0.3	122.36	127.52	3.96	140.73	122.26	127.90	142.88	115.35	132.13
Spain (42)	152.75	+0.1	133.22	134.30	3.60	152.61	132.59	133.88	152.75	143.14	151.04
Sweden (35)	161.89	-0.1	141.18	152.72	2.25	162.00	140.74	152.70	162.00	138.45	119.54
Switzerland (57)	75.95	-0.1	66.23	77.29	2.37	76.01	66.04	76.88	79.76	74.05	81.60
United Kingdom (316)	147.09	-0.6	128.28	128.28	4.37	148.05	128.63	128.63	153.33	134.53	135.50
USA (564)	120.63	+0.3	105.20	120.63	3.64	120.26	104.48	120.26	121.90	112.13	108.06
Europe (1008)	119.43	-0.2	104.16	110.75	3.55	119.66	103.96	110.68	120.88	114.02	107.59
Nordic (125)	153.48	+0.1	133.85	150.40	1.96	153.40	133.28	150.23	153.48	137.95	112.46
Pacific Basin (679)	187.01	-0.1	163.09	156.42	0.69	187.22	162.65	155.51	194.72	176.37	166.07
Euro-Pacific (1687)	159.98	-0.1	139.52	138.24	1.56	160.20	139.18	137.65	164.22	152.83	142.69
North America (691)	121.33	+0.3	105.81	120.34	3.62	120.99	105.12	119.99	122.71	112.79	108.88
Europe Ex. UK (692)	102.22	+0.2	89.15	99.91	2.89	102.04	88.65	99.57	103.11	96.84	90.27
Pacific Ex. Japan (224)	123.48	-1.9	107.68	109.38	4.59	125.81	109.31	109.71	137.65	123.48	106.00
World Ex. US (1887)	158.89	-0.1	138.57	137.50	1.63	159.10	138.23	136.93	162.77	152.04	141.92
World Ex. UK (2135)	143.81	+0.1	125.42	132.14	2.03	143.72	124.87	131.56	146.04	138.06	128.20
World Ex. So. Af. (2391)	144.12	+0.0	125.69	131.81	2.23	144.12	125.21	131.30	146.65	138.82	128.81
World Ex. Japan (1996)	120.94	+0.0	105.47	116.91	3.64	120.93	105.06	116.71	122.37	114.51	108.57
The World Index (2451)	144.09	+0.0	125.66	131.77	2.24	144.09	125.19	131.27	146.51	138.83	128.83

Base values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.037 (US $ Index), 90.791 (Pound Sterling) and 94.94 (Local); Nordic: Dec 30, 1988 = 139.65 (US $ Index), 114.45 (Pound Sterling) and 123.22 (Local).

Hong Kong market closed April 5.
Latest prices were unavailable for this edition.